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Finance, Politics and Imperialism. Australia, Canada, and the City of London, c. 1896-1914

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A top-notch monograph in the Cambridge imperial and post-colonial studies series, this book reflects the kind of thorough coverage of issues plus analytical depth that one has come to expect from doctoral research in Commonwealth history at Oxford University. The author has left no hillock unploughed in his investigation, which is meticulous and absolutely comprehensive in its coverage of personalities, policies and events. The author?s research includes collections of private papers, not only in Great Britain (the Guildhall Library, the Bank of England Archive and the Bodleian, Oxford), but government and business documents and private archives in Canada and Australia ? including the papers of dominion prime ministers, plus materials in the separate provincial and state libraries (Nova Scotia, Ontario and British Columbia for Canada; and Western Australia, Victoria and New South Wales for the great sub-continent). Dilley also includes references to an endless variety of contemporary newspapers and specialist journals in an effort to recapture the tenor of the times, as well as to confirm obscure facts and to ferret out contemporary opinion on a wide range of local and international financial transactions. The book is augmented by numerous tables and graphs, based on published Canadian and Australian statistical surveys, which add substance to key points raised in the book's broader generalizations.

This book is encyclopedic in its coverage of Australian, Canadian and also British history during the time span of the narrative. In every chapter the author makes it a point not only to cite, but to explain and elaborate on important scholarly interpretations and debates of the past that are pertinent to his main discussion. And in nearly every instance possible, Dr. Dilley pays generous analytical credit to the works of predecessors in the body of his monograph and not simply in the endnotes. Both the theoretical and interpretive problems presented here offer the opportunity for further detailed research. And when combined with the book?s lengthy bibliography, they provide a framework for students intent upon graduate study in dominion or Commonwealth history.

The organization and composition of a comparative history is always a difficult task; but Dilley is up to the challenge. No brief summary can do justice to the nuances of this analysis. British capital played a very large part in Canadian 19th?century development, with a significant proportion of these capital flows going to investment in infrastructure projects. Many of these, though organized around private enterprise, were, like the prime example of the Canadian Pacific Railway, also heavily subsidized by government. Canada, in contrast to Australia, had the advantage of a substantial industrial and commercial entrepreneurial class (centered on the Montreal-Toronto axis) which recommended itself to the City of London and served as a conduit through which capital flowed. About two-thirds of British capital flows to Australia in the latter decades of the 19th century went to the separate colonial (later state) governments; this played a part in economic development, especially in New South Wales and Victoria. But Australia suffered from economic depression commencing in the 1890s and from a series of droughts into the 20th century. The wave of speculative investment in Western Australian gold mining, which certainly led to growth, nonetheless had mixed results for many shareholders. And what were perceived as leftward tendencies in Australian politics in the early 20th century did not commend the sub-continent greatly to British investors. In telling this intricate and complex story, the author does not neglect political history. Important statesmen, including Fielding, Laurier and Borden of Canada plus Deakin, Fisher and Reid of Australia, coupled with their parties, ideologies and policies, all come in for extremely detailed attention. The author?s writing style is dense. Beginners will require a solid grounding in late 19th-century and early 20th?century Australian and Canadian history in order to make their way through the thicket of party politics, political economy and inter-state relations presented here.

One of the fundamental historiographical themes pursued throughout this book is the famous Cain and Hopkins hypothesis on the relationship between ?gentlemanly capitalism? and British imperialism, which has been debated in many books and articles. Unlike some reviewers who have criticized the theory heavily, Dr. Dilley evaluates their ideas very carefully piece by piece in a mainly positive fashion, and he provides new details and more nuanced explanations insofar as they relate to connections between the City of London and the two major dominions. Although Dilley?s endorsement is far from total, this volume represents one of the strongest vindications for the interpretive merits of the Cain and Hopkins theory of British imperialism.

Just two examples must suffice. For some, including the present writer, the repeated use of the term ?the City? in many publications is amorphous and simplistic ? smacking too much of the single ?rational actor? approach to international relations, when, in fact, we are speaking of a highly segmented functioning entity. The ?City of London? was not a faceless blob; it was composed of a complex variety of financial, shipping, insurance and other service-based sub-groups that were the main agencies for Great Britain?s world leadership in the ?Invisible trade? flows of the late 19th century. Which entities dominated City thinking about capital flows to Canada and Australia? How important, to take two obvious examples, were the Bank of England and the Stock Exchange? Though it does not provide final answers, it is a credit that this book endeavors to delve into these questions. Thus, the famous merchant banks ? Rothschild, Baring brothers, Glyn, Mills, Currie ? and several of the British joint stock banks, especially the London and Westminster Bank, all come in for attention. But the author provides especially important new information on the key roles played by underwriting firms and underwriting syndicates, such as Robert Nivison & Co. and Marshall Mullens and Company, in taking up key new share issues. And beyond this he reminds us that the London branches of the great Canadian banks, the Bank of Montreal and its Toronto rival, the Canadian Bank of

Commerce, were also major players.

As a second major question, Dilley also struggles with the conundrum of whether the financial relationships between Great Britain and the borrowing countries in the self-governing Commonwealth strengthened, or served as examples of financial imperialism. Cain and Hopkins had conceded that the ?mother country?s economic relations with the dominions were far more like those with areas of *informal* influence, such as Argentina and Chile, than they were with other parts of the formal empire, such as India?. To cope with this issue Dilley takes up two of Cain and Hopkins? subordinate concepts (1) ?structural power? and (2) ?relational power? as useful constructs for understanding the types of influence exercised over peripheral countries by entities within the City of London. Dilley follows them in taking structural power to mean ?rules of the game? in which creditor nations charged interest on loans to recipient/debtor nations and exacted penalties on defaults by the those nations. ?Relational power? varied according to particular pressures and circumstances. (Some critics have minimized ?rules of the game? as a key factor in imperialism, contending that a certain amount of inequality is taken for granted in every creditor/debtor or business relationship.) But Dilley counters that, when viewed as persistent long term patterns, these ?rules?, along with other elements (political, cultural) in British influence over the dominions, were highly significant. Dilley tends to agree with Cain and Hopkins in seeing both (1) and (2) as special instruments of control. As he puts it very carefully in his conclusion:

> In the end then, the politics of finance was underpinned by a structural economic imbalance between British Investors and debtor nations ... The legacy of past borrowing created an ongoing bond as long as the consequences of repudiation, or even weakened credit, were too dire to contemplate. The impact of dependence, though, depended on creditors and debtors conceptions of political economy, and on evolving political dynamics ... Equating structure with power (or thinking too crudely in terms of static frameworks) is misleading, but it would be equally misleading to disregard more nuanced notions of ?structure? (p. 190).

The author is grateful for this generous and thorough review and does not wish to comment further.

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