

# CONFLICTING INTERESTS IN THE FAR EAST

J. W. GRANT

IN the Far East the interests of three important members of the British Commonwealth are extensive and well-defined. Great Britain, Australia and Canada have each such a large stake in the Far East that they must watch developments in this area with great concern. It is therefore an ideal region in which to study the comparative interests of British powers, and to determine to what extent they are compatible.

The territorial possessions of Great Britain are insignificant, consisting of Hong Kong, a port valuable only as a key to power in China, Singapore, a naval base possessing only strategic significance, and a part of the island of Borneo. But all three countries have territorial interests menaced by unsettled conditions in the Far East. Canada and Australia fear attacks on their coasts by an Eastern aggressor: Great Britain fears an assault on the British *raj* in India. No British power desires to expand its territory in the Far East, although Australia in 1919 demanded the former German Pacific Islands, which were assigned instead to Japan.

Great Britain has great economic interests in that region centred in China. Her investments in that country totalled in 1930<sup>1</sup> roughly \$250,000,000, or 35.7% of all foreign investments, and were approximately equal to those of Japan. In trade she is now third to Japan and the United States; in shipping supreme, controlling in 1930 36.8% of the traffic, a larger amount than China herself. Her interests in China are largely material and substantial, consisting of such things as railways and steamships, not affected in great measure by the vagaries of international trade, but capable of permanent destruction by war or confiscation. Great Britain is thus dependent for the security of her investments upon continued control and upon peace in China. The economic interests of the Dominions are centred rather in Japan. Canadian and Australian investments and trade with China are unimportant, but both countries enjoy a substantial trade with Japan, and a considerable favourable balance.

Of great interest to all three British powers in the Far East is the maintenance of communication in the Pacific. The Can-

1. Grover Clark: *Economic Rivalries in China*.

adian Pacific Railway acknowledged the importance of Far Eastern transportation to Canada by establishing a trans-Pacific steamship service long before doing the like in the Atlantic. Great Britain is also concerned with linking her interests in India, China, and Australia, and in keeping open the Panama Canal route to the East. But it is to Australia that communications in the Pacific are especially vital. Her trade and intercourse with the rest of the world are endangered by any threat to the All-Red route.

Canada and Australia have since about the beginning of the twentieth century restricted Asiatic immigration, and they are determined to maintain this policy. In Canada the competition of aliens, with a lower standard of living, has been resisted: in Australia this resistance has hardened into the policy of a "white Australia". Australia has refused admission on the basis of a "dictation test", which leaves much discretion in the hands of the examiner: Canada excludes Chinese as a race and Japanese by a "gentlemen's agreement" signed with Japan; while it refuses the franchise and certain economic and civil rights to members of Oriental races even though born within the country. Some sentiment has developed in Australia for the opening of the vacant Northern Territory to Japanese settlement, but fear of further penetration and of possible Japanese irridentism has led to a stiffened determination to resist the "coffee-coloured, copper-headed viper in the bosom of the Commonwealth."<sup>1</sup> Restriction of immigration is in law a domestic matter, but it cannot fail to provoke resentment on the part of the race affected, and can be upheld only by maintaining sufficient strength to do so.

This sketch of the interests of the three major British countries in the Far East has already shown serious divergences. In an examination of the problems facing these countries an endeavour will be made to determine whether some policy may be devised which will further the interests of all British countries.

A serious problem for every member of the Commonwealth has been created by the growth of Japanese power in the Far East. In 1921 a conference for naval limitation was held at Washington on the invitation of the government of the United States, at which the British Empire, the United States, and Japan agreed upon a ratio of 5:5:3 in naval establishments. This agreement assured the Japanese of hegemony in Asiatic waters, an assurance increased by a promise at the Conference

1. Australian Parliamentary Debates—Vol. 10, p. 5227.

not to fortify Hong Kong, Guam, or the Phillipines.<sup>1</sup> Furthermore, Japan was able to have the ratio altered to 10:10:7 at the London conference in 1931, and has consistently demanded equality with Great Britain and the United States. Recently the agreement made at London has expired, and an unrestricted naval race is being carried on in the Pacific. Great Britain has built a strong base at Singapore, with the support of Australia and New Zealand. This base, however, does not defend British interests in China, nor is it in the most effective position for the defence of Australia. Recently a programme for the defence of Hong Kong has been announced. As yet, however, the British Commonwealth is not powerful enough to defend all its interests in the Far East against Japan without external aid. If that country is unfriendly, it must either abandon some of its interests or seek allies.

At the present time the strategic position of the British Commonwealth in the Far East is unfavourable. There are but seven British cruisers,<sup>2</sup> one aircraft carrier, and some smaller craft in the Pacific, as contrasted with fifteen battleships as well as a large number of cruisers and smaller craft belonging to Japan. In combination with a powerful naval base at Singapore it would be possible to defend effectively the route to India, and to hamper an aggressor seriously in an attack on Australia. The farther the Japanese might advance from their bases, the easier would be the defence by a British fleet based on Singapore or Darwin. The establishment of air bases in the Japanese mandated islands would leave Australia open to attack, but the possibility of invasion is remote. In addition it must be remembered, as Japanese observers point out, that it is possible to move British warships from other seas to meet a threat in the Pacific. Thus a successful defence of India and Australia from aggression is likely, but it is highly improbable that a British naval or expeditionary force could operate successfully in China. At least until Hong Kong is fortified, it will be virtually impossible for Great Britain alone to defeat Japan in the homeland or in China. It is widely held that the first act in an Anglo-Japanese war would be the surrender of Hong Kong and the establishment of a second line of defence at Singapore.

The interests of Great Britain are concentrated in China. Many of the factories of the Yang-tse valley and elsewhere in China are dominated by British capital, while shipping is largely

1. At the same time Japan agreed to build no fortifications on certain islands. She is also forbidden to do so on the mandated islands.

2. J. C. Rockwood Proud. *Naval Armaments in the Pacific; Studies on Australia's Situation in the Pacific.*

in British hands. Now that interest is threatened by Chinese nationalism on one hand and by Japanese imperialism on the other. With regard to the first, British opinion is divided. The development of a national spirit, which appears inevitable if China is left to herself, will entail the setting up of a strong government with power to restrict British trade and to regulate British industry for its own advantage. Already Chinese nationalism has compelled the abandonment of the port of Wei-hai-wei and of many privileges in China. Many British capitalists welcomed the Japanese invasion of 1931 as a means of postponing effective Chinese resistance to western exploitation. Toynbee expresses the attitude thus:

In those mercantile circles, for example, that were engaged in the China trade, it needed no emotional analogy between Britain and Japan or between the Indians and the Chinese to awaken the feeling that the Japanese were fighting a British battle.<sup>1</sup>

On the other hand, the restraint of Chinese nationalism would mean a further period of anarchy and disorganization. This would create anti-foreign feeling which might lead to the development of economic nationalism in a more severe form when China eventually should become united. More serious still, disunity in China is a permanent invitation to other countries to obtain control there. In connection with the rise of Chinese nationalism, the possibility of the establishment of communism in China must be considered. If the Chinese economy is linked with that of the U. S. S. R., or if a wholesale confiscation of foreign property is supported by Russian arms, the consequences to British interests may be very serious. A revival of the activity of the Comintern might cause a new wave of anti-foreign sentiment to sweep through China, and the imposition of a boycott would be the natural result. It is probable, however, that a strong China would prefer impartial economic dealing with other nations to dependence on a country separated from China by formidable natural and political barriers.

Japanese imperialism has recently been a more serious threat than Chinese nationalism. In 1937 Japan invaded China with the manifest aim of obtaining economic and political control of that country. It had previously been understood that the north of China should be a Japanese sphere, the south British, but Japan has shown no intention of recognizing the division. Britain's interests in China are thus plainly menaced by Japanese aggression, but she is unable to defend them with her pre-

1. Toynbee: *Survey of International Affairs*: 1932.

sent strength in the Far East. Defence of Australia is possible, but Britain's own interests in China cannot be defended without a drastic change in policy.

Australia's primary interest in the Far East is the defence of her own territory. Great Britain has substantial investments in Australia, in addition to the strong tie of sentiment. But to Australians defence is the vital matter to which all others must be subordinated. Australian security is menaced primarily by Japan. A design long cherished by many people in that country, especially by naval officers, has been a "southward drive" extending Japanese control in the East Indies. The Philippine Islands, now being abandoned by the United States, and the Dutch East Indies, held by a weak European power, seem desirable colonies to obtain. Once Japan were in possession of these islands, it would be but a small step to an attack on Australia. The impression of danger is increased by irresponsible statements of Japanese imperialists.<sup>1</sup> The danger to Australia from Japanese aggression is, for the present at least, small. Although possession of the Philippines and the Dutch Indies would be of great advantage in a war against Australia, it is noteworthy that Japanese writers who recommend the conquest of the Indies do not foresee an attack upon Australia. According to Australian economists and writers on strategy, a naval blockade of the coast would still be extremely difficult and not decisive in any case.<sup>2</sup> Nor is it at all probable that Japan will obtain possession of the East Indian islands within the immediate future. The United States, in granting independence to the Philippines, has agreed to guarantee the neutrality of the islands, while Holland is making sufficient preparations for defence to delay the Japanese for some time. The proximity of the island of Sumatra to India and Singapore makes the interest of Great Britain so great that it is highly doubtful that Japan will risk an invasion of the Dutch East Indies.<sup>3</sup> But if the actual danger

1. S. Palcher: *Economic Aspects of Australian Defence*: from *Studies on Australia's Situation in the Pacific*. Australian Defence Policy: *Round Table*, 1935-36.

2. Mr. Yada, a member of the Japanese Siam Society, said at one of its meetings: "It is highly doubtful how long Holland can retain her possessions in the East Indies, which are more than sixty times as large as her homeland and which she continues to exploit for her advantage. It is also uncertain how long India will remain a British possession. When we consider the prospects, we are convinced that Japan must make her way southward." (Richard Freund: *Zero Hour*, p. 55) Another statement much cited has been the famous Tanaha memorial, alleged to have been discovered by Chinese authorities, but of questionable authenticity: "Having China's entire resources at our disposal, we shall proceed to conquer India, the Archipelago, Asia Minor, Central Asia, and even Europe."

3. The effectiveness of Singapore and the defence of India are also threatened by Japanese influence in Siam. Numerous Japanese officials are making their influence felt in that country, and trade with Japan is increasing. It has been persistently rumoured that the Japanese government has been granted the right to build a canal across the isthmus of Kra, thus creating a shorter route from India to the Pacific and enabling Japanese warships to proceed westward without passing Singapore. No attempt has ever been made to build the canal, however.

to Australia is small, its existence is a potent political fact. Australians demand that no decrease in their security be allowed. Defence, therefore, implies much more than the mere defence of Australian territory. It implies the prevention of any change in the *status quo* in the East Indian archipelago which would lessen Australian security. To Great Britain the Dutch East Indies are a valuable source of oil, while the Philippines are of some importance as a strategic outpost for a conjectural offensive against Japan by an Anglo-American coalition. To Australia these islands are a first line of defence, the possession of which by a hostile power might force Australia to play the part of Belgium in a Far Eastern war. She will therefore oppose heartily the cession or even the surrender of the economic control of these islands to Japan or any other great power, however desirable it might be in relieving economic pressure and so maintaining world peace, and she will oppose for the same reason the return of New Guinea to Germany, although it might relieve tension in Europe. It is true that Australia might agree to concessions in this area if the price of opposing a plan would be a war involving serious danger to herself, but no danger to British interests elsewhere can make potential danger to the Commonwealth a factor to be ignored.

In Canada the problem of defence takes on a different aspect. The menace of Japan is less direct than that to Great Britain or Australia. Actual invasion of Canada is an extremely remote possibility, and would probably be unsuccessful. Nevertheless, Canada fears that she may be dragged into war with Japan. Relations between the United States and Japan have been consistently unfriendly, and war has seemed possible on several occasions. In the event of such a war, contact between the enemies could be made most effectively in the Aleutian-Kurile chain in the North Pacific. To transport supplies to the Aleutians, the United States might be forced to establish bases in British Columbia, and so to violate Canadian neutrality. Canada would be compelled to take some stand, and it could not be against the United States. Canada is therefore anxious to maintain Japanese-American friendship, but her anxiety that Great Britain and the United States shall not be on opposite sides in a Pacific war is even greater, for her position in such an event would be extremely difficult. For this reason Mr. Meighen in 1921 secured the denouncement of the Anglo-Japanese treaty as a menace to Canadian independence. Actual invasion of Canadian territory by Japanese forces is highly improbable even

in the event of war, despite persistent and probably authentic reports of Japanese spying in British Columbia. It is rather the internal friction consequent upon any major disagreement between Great Britain and the United States which Canada fears.

Defence of the composition of the populations of Australia and Canada is hardly differentiated from defence of territory in the minds of the inhabitants of those countries. The problem of Asiatic immigration has in both far outweighed the amount of that immigration. In Canada the immigration began with the employment of Chinese labourers in the building of the Canadian Pacific Railway; in Australia with the development of the Queensland pearl fishery with the aid of Japanese divers. At first the immigrants were welcomed in each country, but as immigration increased and the possibility of a settled and growing population of Oriental origin and of a lower standard of living was faced, opposition developed swiftly. In Australia the alarm was greater owing to a somewhat larger immigration and to the nearness of the Orient. China might never champion the cause of her emigrants, but ill-treatment of Japanese immigrants might lead to protests or intervention on the part of Japan. The existence of a large body of immigrants might even result in a Japanese demand for territory as an "irridenta". Accordingly Australia, by a rather clumsy but effective procedure, forbade immigration of Chinese and Japanese, although the risk of war involved in the act was partly responsible for the forming of the confederation. Canada was more fortunate in that she was able to secure a Gentlemen's Agreement with Japan by which the latter restricted its emigrants to Canada to a very small number. Neither Japan nor China has at any time threatened serious action with regard to these restrictions, but considerable ill-will on the part of Orientals has been caused, and the task of Imperial defence has been made more difficult. The Dominions must have sufficient power to defend their immigration policies if they are to maintain them.

The economic interests of the Dominions are centred in Japan. Australia ranks third in the trade of that country, supplying 8.6% of her imports, including 94% of her wool. Her exports amounted in 1935 to 235,128,000 yen as compared with 52,531,000 yen for Canada, and 82,160,000 yen for Great Britain.<sup>1</sup> In the proportion of their total trade Australia and Canada have substantially larger interests than Great Britain

1. *Problems of the Pacific*, 1936.

in Japan. Moreover, their trade with Japan is increasing more quickly than is that of Great Britain. Australia and Canada are almost the only British possessions with favourable balances of trade with Japan.<sup>1</sup> In Australia especially, Japan is an important market, and potentially a greater one. In "Problems of the Pacific: 1936" it is recorded; "it was increasingly recognized that the United Kingdom alone could not provide for all of Australia's increases in exports. . . . the growing Japanese market was vital."<sup>2</sup> "In particular cases, such as Australia, we have a situation where Japan, being a customer for primary products, is pressing very strongly that the Dominion should divert purchase of manufactured goods from Great Britain to Japan."<sup>3</sup> Since the time of the Ottawa Agreements a trend has been noticeable in the direction of increased trade with Japan, despite a costly trade war in 1935. It is interesting that Canada also was embroiled in a trade war with Japan in that year. Both disputes have been settled, and trade with Japan resumed and increased.

While Japan is for the Dominions an important and growing market, she is for Great Britain a dangerous competitor. In almost every part of the British Empire except Australia and Canada, Japan has a favourable balance of trade. Cheaper Japanese goods are invading markets previously held by Great Britain. Japanese competition in the cotton trade has had most serious repercussions in the English milling district. Since 1927, exports of cotton from Lancashire fell from 4,000 million to 2,000 million square yards, while those of Japan rose from 1,400 million to 2,800 million, largely in Ceylon and Malaya.<sup>4</sup>

These serious divergences of interest between Great Britain, Australia, and Canada have had considerable effect upon the foreign policies of these three nations, which have been as divergent as their interests. On several issues they have disagreed strongly, even on fundamental principles.

To the Versailles Conference the Japanese came with the feeling that they had been "discriminated against" by the western powers. Despite their achievements of the past few years they were regarded as an inferior people, and their nationals were excluded by several countries, including Australia and Canada. Japan accordingly put forward a proposed clause in the Covenant of the League of Nations establishing racial equality as a fundamental principle of the League. France, Italy, and other nations

1. India has a slight favourable balance.  
2. *Problems of the Pacific*, 1936, p. 67.

were willing to make this concession to Japanese pride. Great Britain, too, considered it not too high a price to pay for Japanese good will. But Canada and Australia opposed it, for it seemed to strike at the very heart of their immigration laws. Australia had in the past insisted upon her right to restrict Oriental immigration, even against the advice of Great Britain, and at the conference Mr. Hughes again expressed himself as strongly opposed to the inclusion of this clause in the Covenant. In the end he prevailed, despite the indifference of Great Britain, and the British Empire delegation voted against the proposal. Public opinion forced the United States to oppose it also, and the clause was shelved. It is impossible to calculate how much this has contributed to Japanese ill-will in the years since the war, but the resentment caused has undoubtedly been considerable. The immediate result was to make the cession of Shantung to Japan essential as a conciliatory measure, and to destroy any possibility that it might be returned to China.

In 1921 an even more serious division of opinion occurred. In 1902 Great Britain had entered into alliance with Japan in order to defend her interests in the Far East. In 1911 the alliance was renewed without question, but in 1921 it was criticized as not being in accordance with the League of Nations Covenant, and the question of its continuance was discussed. It appeared, however, that it would be renewed. The British were aware of the growing power and possible rivalry of Japan, but were quite willing to extend British support for the assurance of Japanese aid in the Far East. To Australia Japan was not a friend but a menace, indeed the only menace to her safety. During the war the defence of Australian waters by the Japanese fleet added to her prevailing uneasiness, and Mr. Hughes became opposed to the continuance of the alliance. But he had changed his mind by 1921. If a friendly Japan threatened Australian interests, an unfriendly Japan with her pride wounded by the ending of the alliance did so in double measure. Great Britain was not strong enough to stand alone in the Pacific, but needed some ally. Only two countries were possible—the United States and Japan. The United States was unsatisfactory to Australia as an ally, for it had shown recently a marked tendency to isolationism, and in any event could not operate efficiently so far from Hawaii. An alliance with Japan seemed the only way to Australian security, and Mr. Hughes insisted on that. Canada, the other important member interested, had no enmity with Japan, so there was no reason to suppose that the alliance

would be terminated. But in the Imperial Conference of 1921 Rt. Hon. Arthur Meighen, Prime Minister of Canada, declared that the alliance was exceptionally unfavourable to his country. Canada is dependent for her independence upon friendship with the United States; therefore she can run no risk of being on the opposite side in a war in which the latter takes part, and so long as the danger of war between the United States and Japan remains, she can have no part in an alliance with Japan. Despite the opposition of Mr. Hughes, the arguments of Mr. Meighen proved insuperable, and the alliance was terminated.

In the formation of Japanese policy, the economic motive is of primary importance. Japan is deficient in the raw materials necessary for factory production, and is therefore dependent on export trade to buy these raw materials. But within recent years opportunities for export have been few. Drastic price cutting on the part of Japan for a time opened a prospect of considerable trade with Malaya, Ceylon, and East Africa, but heavy import duties have largely destroyed the initial advantage. Faced with the prospect of an internal breakdown, or at best the maintenance of a very low standard of living, Japan decided on a policy of expansion to obtain a sure market and source of raw materials in China. The only way to permanent peace has appeared to be the opening to Japan of ample opportunities for export and import trade by the western powers. To this proposal Australia and Canada have been quite favourable.<sup>1</sup> For neither does Japan constitute a trade rival, while the prospect of a growing trade with that country is a favourable one. But the proposal to accord Japan opportunities for industrial expansion has been consistently opposed by Great Britain. Her textile markets in East Africa and Asia are the ones in which Japanese competition has been keenest. Any further increase in Japanese trade in China or elsewhere would prove ruinous to the Lancashire cotton industry, and would create grave unrest in Great Britain. It is possible that any concessions to Japan now would be too late: it may be inevitable that Japan proceed from the conquest of China to the long-feared "southward drive." It is possible, however, that Japan, beaten in China, may be pacified by economic concessions, or that she may be successful in her present expedition and find economic relief by her own devices. In any case the extension of Japanese trade abroad must have a harmful effect on the British economy, but it will

1. An exception must be made for Australia, in that the latter will oppose any concessions to Japan which appear to lessen Australian security, e.g., Japanese economic dominance in the Dutch East Indies.

at the same time increase the security of Australia and to a lesser degree that of Canada.

Most important of the causes of dispute between Great Britain and Japan is the recent invasion of China, with the resultant threat to entrenched British interests in that country. Great Britain will take such measures as are in her power to combat Japanese expansion in China. To the Dominions that aggression is without great significance. While Japan in control of China may be a more formidable foe, Australians see in Japanese aggression an outlet for Japanese trade; also a consequent relief of economic pressure in that country, and a task which may prove so arduous to Japan that expansion elsewhere will be unthinkable for many years. In Canada trade interests with Japan neutralize humanitarian feelings, to make action against Japan more a matter of emotion than of any practical moment, especially as the prospect of Canada taking any substantial part in measures against Japan is remote. It appears, then, that neither of the Dominions would be willing to fight Japan to prevent her expansion in China, while Great Britain is prevented from exerting pressure only by lack of power.

The one common factor in the relations of the three countries appears, then, to be the menace of Japan as the one nation seriously threatening their interests. But even this common factor breaks down upon examination. If Japan is fought, it will be in a war of defence. But what will the British countries defend? If it were possible, Great Britain would be anxious to defend her interests in China, but it is doubtful whether Canada and Australia would support her. Australia desires defence of the Dutch East Indies and the Philippines, but Canada has no interests there, and the attitude of Great Britain would be doubtful. In the event of war between the United States and Japan, Canada would almost be forced to intervene on the side of the former; Australia and Great Britain would be interested only if the existence of the United States were in danger, a very improbable outcome. Only in the defence of Australia and possibly that of India would the three countries be united, and it is doubtful whether Canada could lend effective aid even in that case.

The problem is made more complex by the difficulty of making acceptable concessions to Japan to prevent war. The acceptance of the principle of racial equality and the reform of immigration laws would be satisfactory to Great Britain, but the Dominions would agree only under strong pressure. A

concession of economic opportunities in China or elsewhere would be satisfactory to the Dominions, but not to Great Britain. Expansion to the south might be permitted, were it not for the opposition of Australia. Expansion in North China would not harm British interests, and has been tolerated by Great Britain for many years, but it is evident that Japan is not satisfied with that and is coming into direct conflict with Great Britain in South China. Each Commonwealth power is prepared to sacrifice the interests of another.

For decades the British nations have been seeking a policy in the Far East acceptable to all. Most idealistic has been the concept of collective security embodied in the Covenant of the League of Nations. Collective security has never succeeded in the Far East. Only China has stood by it, and she has been the constant victim of aggression. Collective security has been practicable only where large nations are crowded into a small area, and where the outbreak of any war concerns every nation. The magnitude of the Far East is such that a programme of collective security may involve nations in wars in which they have no interests at stake, and that they have proved unwilling to undertake. Further, Japan, the potential aggressor of the Far East, is remarkably immune to the imposition of sanctions by the western powers. Canada has no interest in collective security in the Pacific; the other nations have little confidence in it. It is improbable, indeed, that such a policy could be adopted even if the Commonwealth powers desired it.

An alternative policy is alliance with Japan, the policy pursued prior to 1921. Australia might still favour such an alliance, but with misgivings engendered by the growth of Japanese naval power and the consequent threat to Australia. Great Britain's interests are so greatly opposed to those of Japan that she would not endorse such a policy, and Canada is no more likely to agree to it than she was in 1921. Alliance with the United States is more probable. It would be favoured by Canada, while Australia has increasingly shown leanings towards dependence on the United States. Even Great Britain has recently depended considerably on American initiative. The American government has, however, been very loath to take the initiative, for her interests in the Far East are not as great as those of Great Britain. Since the American decision to abandon the Philippines, the Japanese threat to these islands has become of less importance, and American isolationism shows signs of spreading to the Pacific. American interests in the Far East are

largely those of trade, which would be destroyed in any war fought to defend them. It is probable that Great Britain and the United States will act in accord in the Pacific, but it is improbable that the latter will defend every British interest. American policy coincides in many ways with that of Australia and Canada. All three countries are threatened by the menace of Japan to their territory and to their laws regarding immigration, but all three have large trade interests in Japan itself. It is not probable that the United States will bind itself to defend Australia and New Zealand, but it is certain that it will cooperate in presenting a united front to Japan.

There is no immediate prospect that Great Britain herself will find a satisfactory ally in the Far East, unless a new and powerful China becomes her friend. For the present she will probably be forced to retreat, much against her will, to a second line of defence at Singapore, content to defend only India and Australia, leaving to Japan a free hand in China. This will prove satisfactory to the Australians, as it will decrease the prospect of war with Japan and permit concentration on the defence of an area vital to her. Canada does not appear to fit into the picture at all. She is bound by necessity, unconsciously though it may be, to act in harmony with the United States, whose interests are in many ways identical with hers. Australia will hesitate between dependence on the United States and dependence on Great Britain; for while the American Pacific fleet is larger, the British navy is nearer and more certain to defend her interests. In all probability, the people of both countries will take the dependence on Great Britain for granted for a long time. As it is highly improbable that either Great Britain or the United States will risk war in the Far East without aid from the other, the rift will not become apparent. If the Empire alone is involved, Canada will technically be at war, but the prospect of effective participation is remote. It is plain that the three British nations in the Pacific have few interests in common. Weakness, however, will compel Great Britain to abandon many of her interests. Weakness will compel Australia to accept the protection of the British fleet in return for increased danger of being involved in a British war. Canada, strong by reason of distance from the centre of action and nearness and identity of interest with another great power, will think and act as an American, and not as a British country.