

We would submit that the British Commonwealth—a lesser League within the League—has its common interests developed to such a degree that it is vital to the welfare of its members to afford each other mutual support. The principle is really the same as that which underlies the regional pacts commended to members of the League as the first stage of collective security. As our policy is one of peace and fidelity to the League, in looking to our own defence we also contribute to the general cause of peace and stability.

Australia feels that it is important for a common understanding to exist between the British Nations as to the manner in which measures should be concerted between them for the maintenance of their common ideals.

The weakening of the collective system has reacted more disadvantageously against the small nations of the world than against the great and powerful States, for the small Powers must look to a greater strength than their own to repel a strong aggressor. The Dominions, however, have the great good fortune to be members of the British Commonwealth, the main source of whose military, financial, and economic strength is the United Kingdom; but to receive we must be prepared to give.

Australia, therefore, subject to the sovereign control of its own policy and without prior commitment, stands for co-operation in defence between the members of the British Commonwealth, and it has adopted the guiding principles laid down at Imperial Conferences as the basis of its policy for co-operation in Empire naval defence and for its own local defence.

AUSTRALIAN DEFENCE MEASURES.

In view of the suggestion I have made for the further development of co-operation it is probably desirable that I should give to the Conference an indication of what Australia has done to implement the principles which I have indicated have governed our defence policy.

The naval principles provide for the maintenance of adequate naval strength, and the provision of naval bases and facilities for repair and fuel. Since the establishment of the Royal Australian Navy on a national basis in 1910, Australia has spent £70,000,000 on Naval Defence. Nine ships are at present in commission—three cruisers, three destroyers, two sloops, and a survey ship—and three ships are in reserve. The squadron has recently been strengthened by one new cruiser and two sloops and the permanent seagoing personnel by 1,050 men. The rearming of the fixed defences of the main Australian ports is being carried out at an estimated cost of £3,200,000, of which half has already been provided; air co-operation is being provided for these defences; facilities for naval repairs are being maintained; and naval oil-fuel tanks have been constructed. Of the additional amount that will have been spent under the three years' programme, ending on the 30th June next, 41 per cent. has been allotted to the Navy.

The Conference of 1923 declared that it is the primary responsibility of each part of the Empire to provide for its own local defence. In addition to strengthening the fixed defences of the important ports, the Australian Government has recently provided a special increase in the Army vote to bring the Field Army of seven divisions up to its minimum nucleus establishment. The strength of the permanent forces is also being increased, and improvements are being effected in the efficiency, armament and equipment of the Army.

The Air Force completes this year Part I of the scheme laid down by Sir John Salmond, and it will have a first-line strength of 8 squadrons and 96 aircraft, which will later be expanded to 17 squadrons and 194 aircraft.

The Australian Government has established munitions factories of various types at a capital cost of £3,500,000, and arranged for a strong industrial and financial group to erect a factory for the manufacture of aircraft. Australia also possesses dockyard resources for ship repairs and construction which are not been fully utilized. The proposal for co-operation would cover a survey of the munitions manufacturing resources of the Dominions in relation to probable demands of the Empire, and the Government feels there are considerable potentialities for Empire supply in the Governmental and other factories of Australia.

Australia is of the opinion that, if the several parts of the Empire implement the guiding principles already laid down and adopt the proposal for further co-operation, the security of the whole Empire should be assured. As the objective of the British Commonwealth's policy is peace and defence, and not war and aggression, it should become a rallying-point for other peaceful States. In this respect all members of the British Commonwealth and other peace-loving States endorse whole-heartedly the declaration of the Foreign Secretary that British arms will never be used contrary to the spirit and principles of the Covenant of the League.

ECONOMIC POLICY.

If, in regard to foreign affairs and defence, we have both a great task and a great opportunity, this is no less the case in the field of economic policy.

Free as each Empire nation is to choose its own path, we have a common purpose in our economic as well as in our foreign policies.

We are a group of nations practising economic co-operation, first for the welfare of each separate nation, but also for our mutual advantage.

Since the Ottawa Conference we have made much progress in intra-Imperial trade. Our co-operation has enabled us to secure that, within the British Empire, trade could be carried on under stable conditions in spite of the world depression.