Hughes approached the Paris peace talks determined to enhance Australian security by annexing Papua New Guinea. Borden was preoccupied with maintaining, as the one positive result of the war, continued Anglo-American cooperation. A breach in the Canadian-Australian relationship over the fate of Germany's Pacific colonies was only narrowly averted when officials devised a compromise that satisfied both Hughes' desire to annex New Guinea and Borden's wish not to alienate an American president who was committed to the principle of self-determination.

Borden's successor as prime minister, Arthur Meighen, was not so lucky. There could be no disguising the differences that divided Australia and Canada over the question of renewing the Anglo-Japanese Treaty of 1902. In Australian eyes, this mutual defence pact remained the best, and perhaps the only effective, guarantee against Japanese aggression. However, Washington strongly opposed the treaty, which effectively excluded it from a major role in policing the Pacific. Renewing the alliance would almost certainly strain Anglo-American relations and force Canada into the untenable position of having to choose between its two major allies. Given the issues at stake, Meighen and Hughes arrived in London for the 1921 Imperial Conference, each resolved to have his own way.

Hughes opened the conference by defiantly insisting on the treaty's immediate renewal. Over the course of the next few days, the Australian cause was championed by an array of British imperial talent that included Lord Curzon, the foreign secretary, and Arthur Balfour, the lord president of the council. Undaunted, Meighen charged ahead. Canada, he declared, had "a special right to be heard," for, in the event of war between the United States and the empire, Canada "[would] be the Belgium." No possible form of this treaty, he continued, would satisfy the United States. The empire had no choice but to scrap the offending treaty.

The Australian prime minister was outraged. He questioned Meighen's interpretation of American opinion; he objected to having imperial policy dictated by Washington; and he scornfully dismissed American naval power. He poured ridicule on the unfortunate Canadian:

What does he [Meighen] offer us? Something we can grasp? What is the substantial alternative to the renewal of the Treaty? The answer is none. . . . Now let me speak plainly to Mr. Meighen on behalf of Australia. . . . If he will look at his own [defence] budget and ours he will see what it means to have a great nation like America as his neighbour, under whose wing the Dominion of Canada can nestle safely. . . . I must regard Mr. Meighen's presentation of the case as not the case for the Empire, but as the case for the United States of America. 10