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SUEZ AND BRITAIN'S DECLINE AS A WORLD POWER*

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ABSTRACT. *The Suez crisis is widely believed to have contributed significantly to Britain's decline as a world power. Eden's miscalculation of American reaction to the attack on Egypt was damaging to Britain's reputation and fatal to his career. However, his actions were contrary to received wisdom in Whitehall. The crisis merely confirmed Britain's dependence on the United States and had no lasting impact on Anglo-American relations. Britain's relationship with its informal and formal empire was already changing before 1956, and the turn from the commonwealth to Europe owed little to Suez. Examination of policy reviews in Whitehall before and after the Suez crisis shows that the Foreign Office, Commonwealth Relations Office, and Colonial Office were slow to accept the need for change in Britain's world role. Insofar as they did from 1959 it was because of Treasury arguments about the effect of high defence expenditure on the economy, and slow growth of the United Kingdom's population compared with the United States, the European Economic Community, and the Soviet Union.*

The Suez crisis of 1956, involving as it did nationalization by the Egyptian dictator Gamal Nasser of the Suez Canal Company, in which the British government had a major shareholding; Anglo-French collusion with Israel in an invasion of Egypt; American pressure to withdraw; and finally the fall of the prime minister, Anthony Eden, is one of the most dramatic episodes in British history. Unsurprisingly, it is widely believed that Britain's position as a world power must have been adversely affected.¹ In David Reynolds's words, 'for an Egyptian ex-colonel to twist the lion's tail, and get away with it, was a palpable and lasting blow to national self-esteem and international prestige'.² The possible effects on British policy may be placed in one or more of three categories: first, a loss of self-confidence, and a concomitant dependence on the

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¹ Accounts of the crisis that take this view include K. Kyle, *Suez* (London, 1991, 2003); W. R. Louis and R. Owen, eds., *Suez 1956: the crisis and its consequences* (Oxford, 1989); W. S. Lucas, *Divided we stand: Britain, the US and the Suez crisis* (London, 1991).

² D. Reynolds, *Britannia overruled: British policy and world power in the 20th century* (London, 1991), p. 205.

United States of America (USA); second, decolonization, including loss of informal empire in the Middle East as well as independence for colonies in Africa and elsewhere; third, a turning from the commonwealth to closer association with Europe. As regards self-confidence, Lord Armstrong, who was cabinet secretary from 1979 to 1987, believed it was not until the Falklands War in 1982 that Britain was at least partially able to restore 'faith in itself as a power which was able to exercise influence outside its immediate surroundings'.³ Joseph Frankel, writing for the Royal Institute of International Affairs in the 1970s, stated that the Suez affair 'destroyed Britain's independent world role in the Middle East', by demonstrating a lack of resolve and an inability to act independently of the USA, besides undermining the credibility of the commonwealth as a pillar of its world role.⁴ Edward Heath, who played a leading role in Britain's entry into the European Economic Community (EEC), both as the Foreign Office minister with responsibility for European affairs at the time of the first, unsuccessful, application in 1961, and as prime minister when membership was achieved in 1973, considered that reorientation from commonwealth to Europe was the greatest legacy of Suez.⁵

The idea that Suez had an important impact on Britain's role in international affairs has not been unchallenged. Selwyn Lloyd, who was minister of defence (1955), foreign secretary (1955–60), and chancellor of the exchequer (1960–2), accepted that the outcome of the crisis inflicted psychological wounds on many people, but took the view that 'Suez became an excuse. It was the scapegoat for what was happening to Britain in the world, and for all that flowed from the loss of power and economic weakness. It was in no way a cause of that loss of power or that weakness.'⁶ Anthony Stockwell has argued, from the perspective of one of the editors of *British documents on the end of empire*, that Suez was not a turning point in imperial attitudes or assumptions about Britain's world role.⁷

Eden himself wrote immediately after the crisis that the experience had 'not so much changed our fortunes as revealed realities'.⁸ Lord Franks, who had helped to negotiate both the Marshall Plan and the North Atlantic Treaty, and whose sound judgement was greatly admired in Whitehall, described Suez as 'a flash of lightning on a dark night' that illuminated a political, diplomatic,

³ M. Parsons, ed., *Looking back: the Wilson years, 1964–1970* (Pau, 1999), pp. 63–4.

⁴ J. Frankel, *British foreign policy, 1945–1973* (London, 1975), p. 162.

⁵ E. Heath, *The course of my life* (London, 1988), pp. 177–8.

⁶ S. Lloyd, *Suez 1956: a personal account* (London, 1978), p. 252.

⁷ A. J. Stockwell, 'Suez 1956 and the moral disarmament of the British empire', in S. C. Smith, ed., *Reassessing Suez 1956: new perspectives on the crisis and its aftermath* (Aldershot, 2008), pp. 227–38.

⁸ Eden's 'thoughts' on general position after Suez, 28 Dec. 1956, Prime Minister's Office papers, series 11, file 1138 (PREM 11/1138), The National Archives of the United Kingdom (TNA).

and military landscape that had long been changing.⁹ There were members of the political elite, not least Eden, for whom the Suez debacle came as a shock, but Whitehall was already well aware that Britain's world role was dependent on American support; that Britain's relationship with its informal and formal empire was changing; and that a response to European economic integration would be required. This article falls into three parts: first, a policy review in 1956 into the future of the United Kingdom (UK) in world affairs, and officials' responses to the attack on Egypt, are used to show that Eden's actions were contrary to received wisdom in Whitehall. Second, different aspects of Britain's world role are examined for continuities and change before and after 1956. Finally, further policy reviews in 1957–8 and 1959–60 into the future of the UK in world affairs are used to discover what Whitehall officials thought were the main factors making for change.

I

The 1956 policy review had its origins in concern with defence expenditure. The Treasury had been warning since 1951 that the rearmament programme adopted on the outbreak of the Korean War was diverting resources from exports and investment, to the detriment of the balance of payments and the efficiency of the economy. A 'radical review' of defence policy in 1953 led ministers to decide that the armed forces should be reduced to what was required to maintain Britain's position as a world power in peace or what could be employed in the first six weeks of a nuclear war, but the chiefs of staff defended the interests of their services by insisting that conventional forces might be required for a longer war.¹⁰ In July 1955, Lloyd, as minister for defence, warned Eden that the cost of the long-term defence programme would rise for the next four years, and that the economy could not be expected to bear so large a burden.¹¹ In March 1956, the chancellor of the exchequer, Harold Macmillan, and Lloyd's successor as minister of defence, Sir Walter Monckton, submitted a joint memorandum to the prime minister urging a review, under his chairmanship, of the issues that should shape long-term defence policy. Following the Soviet Union's test of an airborne hydrogen bomb in November 1955, Macmillan was convinced the UK could not be defended in a nuclear war and that expenditure for that purpose was wasteful. He and Monckton thought the review should identify Britain's vital interests, and how they could be

⁹ P. Hennessy, *Muddling through: power, politics and the quality of government in postwar Britain* (London, 1990), pp. 97–8.

¹⁰ T. Geiger, *Britain and the economic problem of the cold war: the political economy and economic impact of the British defence effort, 1945–1955* (Aldershot, 2004); G. C. Peden, *Arms, economics and British strategy: from dreadnoughts to hydrogen bombs* (Cambridge, 2007), pp. 250–60, 269–70, 318–21.

¹¹ Lloyd to Eden, 13 July 1955, PREM 11/1778.

protected in situations short of nuclear war.¹² The review was also partly a response to changes in the cold war. The Joint Intelligence Committee (JIC) believed in 1956 that a nuclear war was unlikely. On the other hand, in a speech in February that year the Soviet leader, Nikita Khrushchev, had challenged the West to engage in 'competitive co-existence'. In April, Macmillan sent Eden a copy of an official steering committee report on 'The Soviet economic offensive', and in May, the prime minister remarked that Russian competition in world export markets could have serious consequences for Britain, and that therefore the defence burden on industry must be reduced to free resources to meet that competition.¹³

The conduct of the review was shaped by the cabinet secretary, Sir Norman Brook. He advised Eden that the problem was how to bring the defence programme into line with the changed emphasis in foreign policy. In particular, Soviet intervention in the Middle East was likely to be economic rather than military, while Egypt's attempts to undermine Britain's position in the Persian Gulf had to be met with economic and propaganda measures. 'In the long run our influence in the Middle East cannot be maintained by military force alone', he warned.¹⁴ The ministers regularly involved in the review were Eden, the marquess of Salisbury (lord president of the council), R. A. Butler (the lord privy seal), Macmillan, Lloyd, and Monckton, with Brook organizing the agenda. Nine meetings were held in June and July, and one (in Eden's absence) in December, the break between the ninth and the final meeting reflecting preoccupation with the Suez crisis.

Ministers' deliberations were guided by a Cabinet Office paper, 'The future of the United Kingdom in world affairs', which had been prepared by a small group of officials selected by Brook from the Foreign Office, the Ministry of Defence, and the Treasury.¹⁵ As Brook admitted, the paper suffered from being written by various hands in different departments.¹⁶ Examination of the drafting process shows how different departmental viewpoints were. The Foreign Office members of the group, Sir Harold Caccia (a deputy under-secretary of state) and Patrick Dean (the chairman of the JIC), felt that the first draft of the section on economic objectives, by the Treasury's Sir Leslie Rowan, was too gloomy and underestimated the extent to which prestige could offset

¹² 'Defence policy', PR (56) 2, joint memorandum by Macmillan and Monckton, 20 Mar. 1956, *British documents on the end of empire (BDEE)*, series A, vol. III: *The Conservative government and the end of empire, 1951-1957*, ed. D. Goldsworthy, part 1: *International relations* (London, 1994), p. 60; *Macmillan diaries: the cabinet years, 1950-1957*, ed. P. Catterall (London, 2003), 29 Jan. 1956.

¹³ JIC (56) 21 (Final), 1 May 1956, reproduced as appendix to PR (56) 3, Cabinet Office papers, series 134, vol. 1315 (CAB 134/1315), TNA; 'Soviet economic offensive', ES (56) 11 Revise, 12 Apr. 1956, CAB 134/1236; 'Cabinet: aircraft programme', note of meeting of ministers, 31 May 1956, Gen 514/ 2nd meeting, PREM 11/1712.

¹⁴ Brook to Eden, 1 May 1956, PREM 11/1778.

¹⁵ PR (56) 3, 1 June 1956, *BDEE*, series A, vol. III, part 1, pp. 61-81.

¹⁶ Brook to Eden, 2 June 1956, PREM 11/1778.

material factors and enable Britain to play a major role.¹⁷ Rowan's views reflected his responsibility for overseas finance in a period when sterling crises were frequent. The Ministry of Defence suspected the Treasury would seek economies at the expense of its nuclear programme, and argued that Britain's contribution to the West's deterrent gave it considerable influence with the USA and also in the North Atlantic Treaty Organization (NATO), the Baghdad Pact (which allied Britain with Turkey, Iraq, Iran, and Pakistan), and the South-East Asia Treaty Organization (SEATO), comprising the USA, Britain, France, Australia, New Zealand, Pakistan, the Philippines, and Thailand.¹⁸ Given their shared emphasis on prestige and influence, the Foreign Office and the Ministry of Defence were natural allies against the Treasury, and their views dominated the section on political and military objectives.

The paper as submitted to ministers reflected the Treasury's view that governments had tried to do too much since the end of the war, placing a strain on national resources. Indeed, Britain's world role had been sustained since 1945 only with the aid of external loans and grants, principally from America but also from Canada, and the loans were due to be repaid over the period 1957–2002. The section on economic objectives included the Treasury's claim that maintenance of the international value of sterling was the greatest single contribution that could be made to securing Britain's position in world affairs. In the 1950s, sterling was used in half the world's trade and international payments, and ministers were warned that failure to maintain the exchange rate fixed in 1949 would cause confusion, giving credibility to the communist view that capitalism contained the seeds of its own destruction. Sterling was also the reserve currency for the sterling area, which was broadly coterminous with the commonwealth and empire (apart from Canada and Hong Kong) and devaluation would weaken what was believed to be an important political as well as financial link. However, Britain's gold and dollar reserves were too small in relation to its short-term liabilities (which had greatly expanded as a result of purchases in the sterling area during the Second World War), or its overseas trade, to withstand a run on sterling. The paper recommended increasing the reserves through an annual surplus of £300 million on the balance of payments on current account, in contrast to the £100 million deficit in 1955, and ministers accepted that future planning must bear in mind the need to achieve this improvement.¹⁹

The section on political and military objectives was accepted verbatim by ministers for the purposes of future planning. The basic objectives were (a) to avoid a 'global' (i.e. nuclear) war; and (b) to protect vital overseas interests,

¹⁷ Notes by Patrick Dean, 23 and 30 Apr. 1956, Foreign Office papers, series 371, file 123191 (FO 371/123191), TNA.

¹⁸ 'The UK part in the primary deterrent', circulated by Major-General W. G. Stirling, 30 Apr. 1956, FO 371/123187.

¹⁹ PR (56) 3, paras. 1, 7–12, 17, and PR (56) 11, *BDEE*, series A, vol. III, part 1, pp. 62–5, 91.

particularly access to oil. It was agreed it would be necessary to develop closer co-operation with the USA and Canada, and to keep these countries involved in the defence of Europe; and to maintain the cohesion of the commonwealth.²⁰ There was no suggestion that independence for any colony should be expedited, but the paper recommended a review of defence commitments and bases in the Middle and Far East. Economic development was seen as the best antidote to 'extreme nationalism' and communist subversion in Africa, but Britain's capacity in this regard was described as limited, and it was hoped (without much foundation) that the USA and other countries could be persuaded to take on some of the burden. There was no more than a brief reference to an ongoing study by officials of possible change in economic relations with Western Europe in the light of the intention of France, West Germany, Italy, and the Benelux countries to create a common market.

'The future of the United Kingdom in world affairs' left no doubt as to the central importance of Anglo-American relations. As regards the nuclear deterrent, it stated that Britain could do no more than make a contribution that would make the Americans more likely to defend British interests. NATO would disintegrate if the Americans withdrew from Europe. Members of the Baghdad Pact should be encouraged to look to the USA for military assistance. Somewhat ironically in view of subsequent developments, the paper advised that in the Middle East 'we should continue our efforts to improve the harmony of American policy with our own'.²¹ This advice was given against a background of disagreement over the inclusion of Britain's ally Iraq in the Baghdad Pact, and American support for Saudi Arabia in its dispute with the British-backed rulers of Abu Dhabi and Muscat over the Buraimi oasis.²²

Ministers' conduct of the Suez crisis was not in accordance with Whitehall's world view. Most officials thought the Anglo-French action was wrong, if only because of the damage done to relations with the USA and the commonwealth, though many also had moral scruples.²³ Sir Ivonne Kirkpatrick, the permanent under-secretary at the Foreign Office, shared Eden's anti-appeasement attitude and was one of the chief advocates of force, but disapproved strongly of collusion with Israel.²⁴ Brook was quoted as saying on 5 November, the day before the Anglo-French forces landed at Port Said, that no intelligent man could support the prime minister's policy.²⁵ As loyal civil servants, however,

²⁰ PR (56) 3, para. 30, and PR (56) 11, para. 1, *ibid.*, pp. 67, 91.

²¹ PR (56) 3, para. 51 (f), *ibid.*, p. 71.

²² N. Ashton, *Eisenhower, Macmillan and the problem of Nasser: Anglo-American relations and Arab nationalism, 1955-1959* (Basingstoke, 1996), pp. 45-51, 54-60, 65-7, 79; T. Petersen, 'Anglo-American rivalry in the Middle East: the struggle for the Buraimi oasis, 1952-1957', *International History Review*, 14 (1992), pp. 71-91.

²³ A. Adamthwaite, 'Suez revisited', in M. Dockrill and J. Young, eds., *British foreign policy, 1945-1956* (Basingstoke, 1989), pp. 225-45, at pp. 234-8.

²⁴ A. Lane, 'The past as matrix: Sir Ivonne Kirkpatrick, permanent under-secretary for foreign affairs', in S. Kelly and A. Gorst, eds., *Whitehall and the Suez crisis* (London, 2000), pp. 199-220.

²⁵ W. Clark, *From three worlds: memoirs* (London, 1986), p. 210.

both he and Kirkpatrick facilitated the government's policy and maintained the secrecy surrounding it. Most officials knew nothing about what was going on at cabinet level, and were astonished and depressed when they heard of the Anglo-French ultimatum to Egypt. Sir Evelyn Shuckburgh, who had been responsible for Middle Eastern policy, was not alone in the Foreign Office in thinking that Eden had gone off his head.²⁶ The first sea lord, Earl Mountbatten, was so appalled by Eden's action, both on moral grounds and because of the political implications, that he considered resignation, but decided that, as a serving officer, he could not do so.²⁷

The permanent secretary of the Treasury, Sir Edward Bridges, was among those excluded from Eden's inner circle.²⁸ Treasury officials had been warning since April that inflationary pressures in the economy made a sterling crisis likely later in the year, and when ministers were considering what action to take in response to the nationalization of the Suez Canal Company Bridges told Macmillan that it was vital that Britain should not act without the maximum US support.²⁹ Macmillan nevertheless was one of the ministers keenest on invading Egypt. Bridges' successor, Sir Roger Makins, who took up his post on 15 October, was not told by the chancellor about the invasion of Egypt until the expedition had sailed on the 27th. Makins had already discovered what was afoot from Kirkpatrick, and later recalled that he had been astounded to learn that military action was to be taken without full American support. (In his previous post as ambassador in Washington, he had warned that an attempt to do so would be to invite disaster³⁰). When the invasion and the concomitant interruption in Middle East oil supplies resulted in a run on sterling, the Americans were able to hold up assistance from the International Monetary Fund until Britain and France had agreed to withdraw from Egypt. The alternative would have been to abandon sterling's fixed exchange rate, but the governor of the Bank of England, Cameron Cobbold, and the government's chief economic adviser, Sir Robert Hall, had earlier warned that devaluation would probably lead to the break-up of the sterling area.³¹

Eden's failure to use the machinery of government extended to intelligence. Dean, although chairman of the JIC, only learned about talks with the French on 24 October, and even then the prime minister did not reveal the collusion

²⁶ E. Schuckburgh, *Descent to Suez: diaries, 1951-1956* (London, 1986), pp. 362-3.

²⁷ P. Ziegler, *Mountbatten* (London, 1985), pp. 538-46.

²⁸ P. Hennessy, *Whitehall* (London, 1989), pp. 144-5.

²⁹ Bridges to Macmillan, 7 Sept. 1956, Treasury papers, series 236, file 4188 (T 236/4188), TNA.

³⁰ R. Makins, 'Sidelight on Suez', c. 1986, and telegram 1849 for foreign secretary, 9 Sept. 1956, MS Sherfield 957, Bodleian Library, Oxford.

³¹ J. Fforde, *The Bank of England and public policy, 1941-1958* (Cambridge, 1992), p. 549; L. Johnman, 'Defending the pound: the economics of the Suez crisis', in T. Gorst, L. Johnman, and W. S. Lucas, eds., *Postwar Britain, 1945-1964* (London, 1989), pp. 166-81; D. Kunz, *The economic diplomacy of the Suez crisis* (Chapel Hill, NC, 1991); G. C. Peden, *The Treasury and British public policy, 1906-1959* (Oxford, 2000), pp. 446-7.

with Israel, so that Dean assumed he was being sent to Paris to discuss a contingency plan.³² Lacking the full political picture, the JIC's initial assessment of the action proposed against Egypt was that 'the United States will give her moral support to the operation', which was changed on 30 October – the day of the Anglo-French ultimatum to Egypt – to 'the United States will adopt a strictly neutral attitude towards the operation'.³³ According to Lloyd's memoirs, neither he nor Eden thought that the UK could take independent military action of which the Americans disapproved: 'His and my misjudgements were not about that. We misjudged the American reaction to what we did.'³⁴ The invasion of Egypt was a political blunder that ran counter to the advice contained in 'The future of the United Kingdom in world affairs', and did not reflect the balance of opinion in Whitehall.

II

Even so it has been argued that the crisis undermined Whitehall's confidence in Britain's ability to carry out its world role. Scott Lucas considers that Suez was a watershed because thereafter Britain became 'a junior partner dependent on American benevolence'.³⁵ However, Britain had for some time been dependent in various degrees upon American benevolence through Lend Lease (1941–5), the Anglo-American loan agreement (1945), Marshall Aid (1948–50), and Defence Aid (1951–7). Eden himself, when foreign secretary in 1945, had circulated to British embassies a memorandum on the effect of the country's post-war financial weakness on foreign policy – a memorandum regarded as sufficiently important in the Foreign Office to be circulated again by his successor, Ernest Bevin, in 1946. The memorandum observed – all too accurately – that if commitments were allowed to exceed what the country's economic situation would bear, the consequence would be diplomatic humiliation. It added that reliance on the USA's financial support meant that the handling of Anglo-American relations would be a key factor in giving Britain freedom to pursue its own interests. A circular despatch on the same theme circulated by Bevin in 1947 actually used the term 'junior partner' to describe Britain's relationship with the USA.³⁶ On returning to the Foreign Office in 1951, Eden found the unequal nature of the Anglo-American alliance left him with 'a renewed conviction of our need to do everything possible to re-establish

³² Kyle, *Suez*, pp. 327–8; P. Craddock, *Know your enemy: how the Joint Intelligence Committee saw the world* (London, 2002), pp. 109, 116, 123–6.

³³ JIC (56) 98 (Final), 4 Oct., and note by secretary, 30 Oct. 1956, CAB 158/25.

³⁴ Lloyd, *Suez*, p. 253. Macmillan likewise confessed to having miscalculated the extent to which the Americans would resent being kept in the dark about the Anglo-French action – H. Macmillan, *Riding the storm* (London, 1971), p. 157.

³⁵ Lucas, *Divided we stand*, p. 330.

³⁶ 'The effect of our external financial position on our foreign policy', circulated by Eden on 30 Mar. 1945 and by Bevin on 11 Mar. 1946, and memorandum with same title circulated by Bevin on 12 Feb. 1947, FO 371/62420.

our economic and financial independence'.³⁷ However, the continuing travails of the British economy, and the scale of Britain's international commitments, meant that British foreign and defence policy continued to depend upon American support. It is true, as John Charmley has shown, that Eden's diplomacy was conducted with less consultation with Washington than Macmillan's was to be after Suez, but both men made use of American power for British ends.³⁸

It fell to Caccia, one of the authors of 'The future of the United Kingdom in world affairs', to start mending bridges with the Americans when he presented his credentials as ambassador in Washington on 9 November 1956. He recognized that, in American eyes, Suez had cost Britain its reputation for dependability and previously largely unquestioned right to a special position. On the other hand, President Eisenhower told him he intended to strengthen the Anglo-American alliance, and Caccia noted that there was no other country with worldwide interests that could take Britain's place.³⁹ On 1 January 1957, he advised, in terms that the Treasury would have approved: 'the fact that we are the world's bankers is one of the main reasons for our special position here, and nothing is worse for our standing as such than recurrent crises in sterling'. However, he added, in terms that would have given comfort to the Ministry of Defence, that 'our acceptance as a great power now rests to a large extent on our having a nuclear programme', and that its curtailment would diminish Britain's influence with the USA.⁴⁰ Following Macmillan's meeting with Eisenhower at Bermuda in March, Britain was restored to its position as a respected, if junior, partner of the USA.⁴¹ American support for Britain's nuclear deterrent was forthcoming through the Mutual Defence Agreement of July 1958, by which Britain received information and materials relating to nuclear warheads previously denied to it under the McMahon Act. The two countries continued to co-operate in intelligence gathering, as they do to this day, with a division of labour that made each dependent upon the other in certain geographical or functional fields.⁴² There is much to be said, therefore,

³⁷ Cabinet conclusions, CC (52) 4, 17 Jan. 1952, CAB 128/24.

³⁸ J. Charmley, *Churchill's grand alliance: the Anglo-American special relationship, 1940-1957* (London, 1995), pp. 244-61, 274-86, 294-5, 297; K. Ruane and J. Ellison, 'Managing the Americans: Anthony Eden, Harold Macmillan and the pursuit of "power by proxy"', *Contemporary British History*, 18 (2004), pp. 147-67.

³⁹ Caccia to Lloyd, 'The present state of Anglo-United States relations', 28 Dec. 1956, PREM 11/218g.

⁴⁰ Telegrams no. 1 and 3, FO 371/126682.

⁴¹ N. Ashton, *Kennedy, Macmillan and the cold war: the irony of interdependence* (Basingstoke, 2002); M. Dockrill, 'Restoring the "special relationship": the Bermuda and Washington conferences 1957', in D. Richardson and G. Stone, eds., *Decisions and diplomacy: essays in twentieth-century international history* (London, 1995), pp. 205-23; E. B. Geelhoed and A. O. Edmonds, *Eisenhower, Macmillan and allied unity, 1957-1961* (Basingstoke, 2003).

⁴² L. Freedman and J. Gearson, 'Interdependence and independence: Nassau and the British nuclear deterrent', in K. Burk and M. Stokes, eds., *The United States and the European alliance since 1945* (Oxford, 1999), pp. 179-203; R. J. Aldrich, 'British intelligence and the

for Christopher Bartlett's metaphor of Suez being 'essentially a passing thunderstorm' in Anglo-American relations.⁴³ Even so, Whitehall remained wary lest ministers ever again take American support for granted, particularly in relation to matters that might be associated with imperialism. In the words of the official historian of the Falklands War, in 1982 'Suez was always in the background, warning of how apparently resolute action could rebound, leaving the country isolated.'⁴⁴

The decline of Britain's position in the Middle East, and Anglo-American differences there, had begun well before 1956. American support for Jewish immigration to Palestine after the Second World War ran contrary to British hopes of converting the mandate into a bi-national state; failure to suppress Zionist violence from 1946, followed by the evacuation of British forces in 1948, damaged Britain's reputation in the Arab world.⁴⁵ In 1951, Britain's prestige was further impaired by its inability to reverse the Iranian nationalization of the Anglo-Iranian Oil Company (AIOC), in which, as with the Suez Canal Company, the British government was a major shareholder. The American government, mindful of Iran's potential value as an ally in the cold war, opposed the use of force. The evacuation of AIOC staff from Abadan was seen by the British press as a national humiliation in much the same terms as would be used over Suez. Within days, the Attlee government was confronted by Egypt's denunciation of the 1936 Anglo-Egyptian treaty as well as by violent demonstrations against the British military presence in the Canal Zone. The lesson drawn by the Foreign Office in 1951 was that Britain needed American support to maintain its position in the Middle East against the emerging nationalist challenge.⁴⁶ In 1953, Eden circulated a cabinet paper stating that Britain's position in the Middle East could not be maintained by nineteenth-century methods, and that future policy must be to harness nationalist movements. In particular, while Britain could continue to hold its base in the Canal Zone by force, the base would be of little use without local labour to maintain it.⁴⁷ In the event, Eden's agreement with Nasser in 1954 for the withdrawal of all British forces from Egypt did not dissuade the Egyptian dictator from spreading anti-British propaganda, opposing the extension of the

Anglo-American "special relationship" during the cold war', *Review of International Studies*, 24 (1988), pp. 331-51.

⁴³ C. J. Bartlett, 'The special relationship': a political history of Anglo-American relations since 1945 (London, 1992), p. 77.

⁴⁴ L. Freedman, *The official history of the Falklands campaign, II: War and diplomacy* (London, 2005), p. 84.

⁴⁵ W. R. Louis, *The British empire in the Middle East* (Oxford, 1984), pp. 383-96, 414-77, 514-36.

⁴⁶ Memorandum by Roger Makins (deputy under-secretary), 11 Aug. 1951, with comment by Sir William Strang (permanent under-secretary), FO 371/124968, cited in P. Beck, 'The lessons of Abadan and Suez for British foreign policymakers in the 1960s', *Historical Journal*, 49 (2006), pp. 525-47.

⁴⁷ 'Egypt: the alternatives', C (53) 65, 16 Feb. 1953, CAB 129/59.

Baghdad Pact, or importing arms from the Soviet bloc. By the spring of 1956, the Americans had given up on Nasser as a possible partner in solving Arab–Israeli disputes, and were willing to co-operate with the British in curbing his power by economic and other indirect means. However, as in 1951, this support did not extend to countenancing the use of force that would alienate Middle Eastern opinion.⁴⁸

Sir Harold Beeley, who was ambassador to Saudi Arabia in 1955 and Egypt in 1961–4 and 1967–9, believed that Suez was a ‘disastrous adventure’, in that it showed that Britain could no longer enforce its will through major military action.⁴⁹ From an Arab point of view the most offensive aspect of Suez was Eden’s collusion with Israel, which placed a powerful propaganda tool in the hands of opponents of Britain’s friends in the Middle East. In particular, the reputation of the Iraqi monarchy was damaged, and while it could be argued that its fall would have occurred eventually, on account of socio-political changes within the country, Suez helped to seal its fate in 1958.⁵⁰ However, it would be wrong to portray the British as being in full retreat from the Middle East after Suez. Officials advised against a policy of scuttle; instead, they believed there should be gradual disengagement, with every effort made to maintain British prestige with friendly governments.⁵¹ At the Bermuda conference, a division of labour was tacitly agreed with the Americans whereby the British would police the Persian Gulf, where British oil interests were concentrated.⁵² Britain continued to be able to defend these interests through minor military actions: in 1957, a rebellion against the sultan of Muscat and Oman was put down with the aid of British troops and the RAF; in 1961, the deployment of a commando carrier, reinforced by troops flown in from Aden and Kenya, warned Iraq against attempting to absorb newly independent Kuwait. Aden had become a major base after the loss of the Canal Zone, and, despite hostility from Yemen, firmer British control over the Aden protectorates was asserted by local levies reinforced by the RAF in 1958–9.⁵³

Whitehall’s attitudes to the colonial empire had been changing well before Suez. The development of the colonies had been favoured in the late 1940s and

⁴⁸ Lucas, *Divided we stand*, pp. 106–34, 140, 146–7, 151–5, 219, 276–8.

⁴⁹ H. Beeley, ‘The Middle East’, in W. R. Louis and H. Bull, eds., *The special relationship: Anglo-American relations since 1945* (Oxford, 1986), pp. 285–93.

⁵⁰ R. Khalidi, ‘Consequences of the Suez crisis in the Arab world’, in Louis and Owen, eds., *Suez*, pp. 377–92, at pp. 381, 383; J. Franzén, ‘Development vs. reform: attempts at modernisation during the twilight of British influence in Iraq, 1946–1958’, *Journal of Imperial and Commonwealth History*, 37 (2009), pp. 77–98.

⁵¹ F. Heinlein, *British government policy and decolonisation, 1945–1963: scrutinising the official mind* (London, 2002), pp. 163–6.

⁵² S. G. Galpern, *Money, oil and empire in the Middle East: sterling and postwar imperialism, 1944–1971* (Cambridge, 2009), pp. 196–7, 202–3.

⁵³ S. Mawby, ‘Britain’s last imperial frontier: the Aden protectorates, 1952–1959’, *Journal of Imperial and Commonwealth History*, 29 (2001), pp. 75–100; S. C. Smith, *Britain’s revival and fall in the Gulf: Kuwait, Bahrain, Qatar and the Trucial States, 1950–1971* (London, 2004).

early 1950s, when their exports could earn scarce dollars for the sterling area, and while there was a boom in commodity prices associated with the Korean War. With the end of the boom in 1952, however, British colonies as a whole began to run a deficit with the dollar area. Moreover, the Treasury and the Bank of England regarded post-war restrictions on sterling convertibility as a temporary expedient while the British economy was adjusting to peacetime conditions, and favoured moving to multilateral trade and payments in order to maintain London's function as a financial centre. Accumulated colonial sterling balances represented a claim on British resources, and a reduction in these balances would increase confidence in sterling, thereby preparing the way for full convertibility with the dollar, which was achieved in stages between 1953 and 1958. From 1953, the Treasury and the Bank of England advocated greater use of colonial sterling balances for development, and would-be colonial borrowers found it increasingly hard to raise loans in London. Given balance-of-payments problems and speculative pressures on sterling in 1955–6, Macmillan, as chancellor, was inclined to favour a deliberate policy of shedding some colonial burdens.⁵⁴ On becoming prime minister, he instructed Whitehall to carry out an audit of every colony to assess the economic, political, and strategic consequences of independence (Ghana and Malaya were already due to become independent in 1957). However, the colonial secretary, Alan Lennox-Boyd, insisted that the transfer of power should not be rushed, whatever the advantages to the Treasury of an early reduction in responsibilities.⁵⁵

Roger Louis has argued that Suez made the USA less tolerant of empires and less supportive of Britain's position in anti-colonial debates at the United Nations (UN).⁵⁶ However, the long-term American goal had always been to promote eventual decolonization; what changed from the late 1950s was the pace rather than direction of policy. From January 1959, the Foreign Office urged the Colonial Office to accelerate constitutional change in Central and East Africa, on the grounds that Britain could not be seen to be lagging behind France, who had offered its colonies independence the previous year. On the other hand, the Colonial Office was less concerned with opinion in the UN than with political pressures which became more acute in 1959, especially in the

⁵⁴ D.J. Morgan, *Official history of colonial development, v: Guidance towards self-government in British colonies, 1941–1971* (London and Basingstoke, 1980), pp. 88–91. For changing economic relationships, see G. Krozewski, *Money and the end of empire: British international economic policy and the colonies, 1947–1958* (Basingstoke, 2001). Krozewski believes Suez was important as it 'revealed how fragile Britain's economy was in the global context without the support of the United States' (p. 149), but, as noted above (pp. 1101–03), the Treasury was aware of sterling's weakness even before the crisis unfolded.

⁵⁵ A. Hopkins, 'Macmillan's audit of empire, 1957', in P. Clarke and C. Trebilcock, eds., *Understanding decline: perceptions and realities of British economic performance* (Cambridge, 1997), pp. 234–60.

⁵⁶ W. R. Louis, 'Public enemy number one: the British empire in the dock of the United Nations, 1957–1971', in M. Lynn, ed., *The British empire in the 1950s: retreat or revival?* (Basingstoke, 2006), pp. 186–213.

Central African Federation, where a state of emergency was proclaimed. Although sceptical about African readiness for self-government, officials began to recognize that the dates projected for independence would have to be brought forward to ensure an orderly transfer of power. The Commonwealth Relations Office (CRO) stressed the need to establish friendly governments to prevent Soviet penetration of Africa.⁵⁷ Suez may have had a delayed and indirect influence on policy, but it was only one of a number of factors making speedier decolonization expedient.

Had Suez weakened commonwealth links? Both pre-1956 trends and dominion reactions to the crisis suggest that its impact could easily be exaggerated. The cabinet had noted in December 1954 that the admission of India, Pakistan, and Ceylon had altered the commonwealth's character, and several ministers had feared that full membership for countries like Ghana would further weaken its cohesion. By that date, commonwealth discussions on defence were already limited to countries that were willing to accept mutual military commitments, and ministers hoped that application of this principle to other fields might strengthen links with dominions that exercised effective influence in world affairs.⁵⁸ In practice, even military co-operation was more limited than British governments had hoped. In particular, plans for support from Australia, New Zealand, and South Africa in the defence of the Middle East had been abandoned by 1955.⁵⁹ Whereas a commonwealth division had been formed in Korea as part of a UN force as recently as 1951, by the mid-1950s military co-operation was through regional security pacts: with Canada through NATO; Australia and New Zealand through ANZAM (an acronym for these two countries plus Malaya) and SEATO; and Pakistan through the Baghdad Pact and SEATO. There was no expectation that the commonwealth would again fight as a single unit.

Eden's deliberate failure to consult the dominions over the decision to invade Egypt was seen by Nicholas Mansergh as departure from the principle and practice of commonwealth partnership.⁶⁰ Even so, the statesman most critical of Eden's action, India's Jawaharal Nehru, sought to save the commonwealth, while supporting the UN and Egypt's right to nationalize the Suez Canal Company. The Canadian high commissioner in London, Norman Robertson, was instructed to express 'bewilderment and dismay' as well as surprise, but Canada still saw a functioning commonwealth as well as Anglo-American

⁵⁷ Heinlein, *British government policy*, pp. 184-7; J. Darwin, 'The central African emergency, 1959', *Journal of Imperial and Commonwealth History*, 21 (1993), pp. 217-34; R. Owendale, 'Macmillan and the wind of change in Africa, 1957-1960', *Historical Journal*, 38 (1995), pp. 455-77.

⁵⁸ CC (54) 83, 7 Dec. 1954, CAB 128/27.

⁵⁹ D. R. Devereux, *The formulation of British defence policy towards the Middle East, 1948-1956* (Basingstoke, 1990), pp. 92-8.

⁶⁰ N. Mansergh, *The commonwealth experience, II: From British to multiracial commonwealth* (London, 1982), p. 171.

co-operation and an effective UN as the pillars of its external policy. Australia and New Zealand supported Britain over Suez in the UN general assembly.⁶¹

There is some evidence that Suez encouraged Britain to turn from the commonwealth towards Europe. On 13 November 1956, ministers who had previously opposed a plan for a European free trade area withdrew their objections. Salisbury said he had been convinced by commonwealth reactions to the crisis that the imperial link, which he had thought the plan would weaken, did not now look so strong. He thought that Britain must therefore 'turn a little towards Europe'.⁶² However, for some years the emphasis was to be on the word 'little'. The plan, known as Plan G, would have preserved Britain's right to give free entry to commonwealth goods, including temperate foodstuffs that would compete with European produce, while preventing any discrimination against British goods by the six countries that formed the EEC.⁶³ Negotiations on this basis with the six lasted from October 1957 to November 1958, before France applied a veto. Macmillan was reluctant to sacrifice commonwealth interests during the unsuccessful negotiations in 1961–3 for entry to the EEC. Harold Wilson came to power in 1964 determined to reinvigorate commonwealth ties, and applied for entry to the EEC only after being disillusioned by commonwealth disunity over Rhodesia.⁶⁴

There is also some evidence that Suez discouraged Britain from forging closer links with Europe. In January 1957, the Foreign Office put forward to the cabinet a 'grand design' for a Western European military and political association, which would pool resources for the research and development of nuclear weapons. Such an association, it claimed, would be 'almost as powerful as America and perhaps in friendly rivalry with her'. Salisbury remarked that, 'in the light of recent experience over Suez', discussion of such a plan in Europe without prior consultation with the USA would risk finally undermining the Anglo-American alliance. He was supported by the commonwealth secretary, the earl of Home, who wanted the older dominions to be consulted before any European power. Although the grand design was recognized by ministers as an opportunity to seize the political leadership of Europe, the maintenance of the Anglo-American alliance and the cohesion of the commonwealth were regarded as more important.⁶⁵ Suez reinforced France's determination to develop its *force de frappe* as an instrument of national defence

⁶¹ S. Gopal, 'India, the crisis, and the non-aligned nations'; M. G. Fry, 'Canada, the North Atlantic triangle, and the United Nations', and J. D. B. Miller, 'Australia and the crisis', in Louis and Owen, eds., *Suez*, pp. 173–87, 285–316, and 275–83.

⁶² A. S. Milward, *The rise and fall of a national strategy, 1945–1963* (London, 2002), p. 262.

⁶³ Plan G is reproduced in Macmillan, *Riding the storm*, pp. 753–4.

⁶⁴ H. Macmillan, *At the end of the day* (London, 1973), pp. 110, 116–38, 349, 524–39; D. Gowland, A. Turner, and A. Wright, *Britain and European integration since 1945: on the sidelines* (London, 2010), pp. 56–67.

⁶⁵ 'The grand design: co-operation with Western Europe', CP (57) 6, 5 Jan. 1957, CAB 129/84, and CM (57) 3, 9 Jan. 1957, CAB 128/30.

independent of the USA, and inevitably Britain's preference for exclusive co-operation with the USA in nuclear deterrence was a barrier to Anglo-French understanding.⁶⁶

Britain's world role was changing from the late 1950s, but it is less than clear that this was a consequence of Suez. Indeed, Suez made Whitehall more determined than ever to make the Anglo-American alliance work. Britain's continuing presence in the Middle East after 1956 had the USA's blessing, and the acceleration of decolonization in Africa did not begin until 1959. Britain's turn from the commonwealth to Europe was a long-drawn-out process rather than the result of a single event.

III

If not Suez, what other reasons were there for changing Britain's world role? Whitehall's policy reviews in 1957–8 and 1959–60 show how the men responsible for advising ministers saw matters. Moreover, a comparison between these reviews and the one in 1956 suggests that the pace of change was related to long-term trends rather than to any particular event.

The 1956 policy review had its origins in the pressure of defence expenditure on the economy, and this aspect of the review's work continued despite the Suez crisis and the change of government. Eden indeed considered the most important consequence of the review to be a reappraisal of strategy in the direction of increasing reliance upon the nuclear deterrent rather than on conventional forces.⁶⁷ After a last meeting of the policy review committee on 4 December, further consideration of the long-term defence programme was remitted to an ad hoc committee of Eden, Salisbury, Butler, Macmillan, and Antony Head, who had replaced Monckton as minister of defence. The fundamental problem was identified as the tendency of equipment to become more complicated and expensive, and Head advocated reducing the size of the forces to what Britain could afford to equip properly and then to reduce commitments to what these smaller forces could meet. Eden authorized him to work out a long-term policy on that basis.⁶⁸ The eventual outcome, after Macmillan had become prime minister and strengthened the authority of Head's successor, Duncan Sandys, was a radical defence white paper in April 1957. Its contents reflected the 1956 paper on the future of the UK in world affairs by stating that Britain's influence depended first and foremost on the health of its domestic economy and the success of its export industries.

⁶⁶ Jean Doise and Maurice Vaisse, *Diplomatie et outil militaire, 1871–1969: politique étrangère de la France* (Paris, 1987), p. 431; M. Jones, 'Anglo-American relations after Suez: the rise and decline of the working groups experiment and the French challenge to NATO, 1957–1959', *Diplomacy and Statecraft*, 14 (2003), pp. 49–79; C. A. Pagedas, *Anglo-American strategic relations and the French problem, 1960–1963* (London, 2000).

⁶⁷ A. Eden, *Memoirs: full circle* (London, 1960), pp. 371–3.

⁶⁸ GEN 564, meetings of 18 and 19 Dec. 1956, CAB 130/122; PR (56) 45 and 50, CAB 134/1315.

Conscription was to be abolished to ease labour shortages, and defence demands on the supply of scientific and engineering manpower were to be reduced. On the other hand, although the white paper foreshadowed drastic reductions in the size of conventional armed forces, it did not in itself reduce overseas commitments.⁶⁹ In October 1957, Kirkpatrick's successor as permanent secretary of the Foreign Office, Sir Frederick Hoyer Miller, wrote to Brook pointing out that the effect of the white paper was to diminish Britain's ability to back diplomacy with physical power in cases where there could be no resort to the hydrogen bomb. At the same time, continued financial weakness limited Britain's ability to support friendly governments with economic assistance. Hoyer Millar suggested that there should be a further policy review to enable foreign policy to take account of Britain's needs and capabilities. Brook agreed, noting that not only had Britain's position in the Middle East undergone a radical change but also that Anglo-American co-operation was closer and, following the launch of the first Sputnik that month, it was necessary to reassess earlier ideas about the Soviet Union as a technological rival.⁷⁰

Work began in December 1957, and by June 1958 a committee of the official heads of the Foreign Office, Treasury, Ministry of Defence, Colonial Office, and the CRO, under Brook's chairmanship, had produced a report, 'The position of the United Kingdom in world affairs', for the prime minister.⁷¹ Macmillan does not seem to have attached a great deal of importance to the report: he had agreed to the review on condition that it did not involve too heavy a burden on officials or produce too many lengthy papers, and the ministerial committee set up to discuss their recommendations met only once. Nevertheless, the report was a considered assessment of Britain's essential interests.

Like the 1956 paper on the future of the UK in world affairs, the Brook report was a compromise between different departmental positions.⁷² The Foreign Office felt it had to persuade the Treasury to recognize that foreign policy could not be wholly subordinated to the need to build up gold and dollar reserves, and that some additional expenditures on overseas aid, including on economic development and military assistance, would pay good dividends in increasing the stability of friendly countries.⁷³ The Foreign Office wanted recognition that Britain had to hold on to its present position overseas, even if it

⁶⁹ *Defence: outline of future policy* (Cmnd 124), Parliamentary Papers (PP) 1956-7, xxiii, p. 489.

⁷⁰ Hoyer Millar to Brook, 9 Oct., and Brook to prime minister, 25 Oct. 1957, CAB 21/4717.

⁷¹ 'The position of the United Kingdom in world affairs', and covering note by Brook, 5 June 1958, PREM 11/2321. The report is reproduced in *BDEE*, series A, vol. iv: *The Conservative government and the end of empire, 1957-1964*, ed. R. Hyam and W. R. Louis, part 1: *High policy, political and constitutional change* (London, 2000), pp. 43-51.

⁷² Heinlein, *British government policy*, p. 166, goes so far as to describe the committee as split into factions, but his account is marred by errors about its composition. He wrongly supposes Board of Trade officials to have participated in its discussions, and omits the Ministry of Defence's contribution.

⁷³ Minute by P. E. Ramsbotham (Planning Section, FO), 24 Jan. 1958, FO 371/135623.

proved increasingly expensive to do so.⁷⁴ Makins, as permanent secretary of the Treasury, questioned whether a world-wide military presence was necessary to secure supplies of raw materials, and wondered whether Britain's influence in the world would be greater if it devoted resources to building up its economy. Withdrawal of forces from overseas need not be permanent, he said, but the Foreign Office's response was that withdrawal would raise more doubts about Britain's international standing than hopes for its financial stability.⁷⁵ The CRO asserted that, if the commonwealth disintegrated, Britain would lose its superior status compared with that of a purely continental power, while at this stage the Colonial Office argued that more rapid independence for colonies would play into the hands of communists and 'extreme nationalists', and jeopardize the evolution of the commonwealth.⁷⁶

The Brook report concluded that, while Britain no longer had the economic and military power it had enjoyed in its imperial heyday, it could still hope to exercise substantial influence in world affairs, taking advantage of its position as a link between the USA, the commonwealth, and Europe. The basic aims of overseas policy—the prevention of nuclear war and the defeat of communist attempts to dominate the world—remained unchanged, as did the need for Anglo-American solidarity. Anglo-American co-operation should ease the defence burden, but Britain had to contribute to agreed policies if it were to retain influence with the USA. Britain must also strengthen the cohesion of the commonwealth and maintain the sterling area and the strength of sterling. The commonwealth was seen as an important link between Afro-Asian countries and the West, and stress was placed on the economic development and political evolution of the colonies as well as on Britain's strategic interest in bases and overflying rights. As regards Europe, the hope was expressed that a free trade area could be negotiated in association with the EEC. However, the emphasis was on NATO and the need to maintain confidence in countries that might otherwise lapse into neutralism; in particular, British forces must remain in Germany. The Baghdad Pact was described as the principal means of resisting the spread of communism in the Middle East (the overthrow of the pro-British regime in Iraq, which in turn led that country to withdraw from the Pact, did not occur until the following month). SEATO was said to have political as well as military value, securing as it did American involvement in the defence of Malaya. Given the reductions in defence expenditure already set in train by the 1957 white paper, it was claimed that further economies to strengthen the balance of payments must be at the expense of domestic civil expenditure.

⁷⁴ 'Future UK policy in use of resources', 30 Jan. 1958, FO 371/135624.

⁷⁵ GEN 624/2nd meeting, 4 Feb. 1958, CAB 130/139; 'Future policy', 28 Feb. 1958, FO 371/135625.

⁷⁶ Summaries of memoranda by CRO (GEN 624/2, CAB 130/139) and Colonial Office (GEN 624/4, retained by Department), n.d. but Feb. 1958, FO 371/135624.

The cabinet committee that discussed the report on 7 July authorized Brook to arrange for a study of how far such economies were likely to reinforce Britain's international position.⁷⁷ However, Treasury officials found that in the current state of the economy there was little or no case for cutting expenditure at home to strengthen the external financial position. Whereas a year earlier excess demand in the domestic economy had held back British exports, for which there had been buoyant demand, there had been a downturn in the world economy and there was spare capacity in the British economy. In such circumstances, reduction in domestic expenditure would merely cause higher unemployment.⁷⁸ The Brook report therefore had no immediate consequences. Its contents, which in all essentials were the same as those of the 1956 paper on the future of the UK in world affairs, show that a radical reappraisal of external policy had not occurred more than eighteen months after the Suez crisis.

On the other hand, developments in the cold war were changing the context for external policy. During 1958, the chiefs of staff debated what would happen in the early 1960s when the Soviet Union was expected to be able to match the West's nuclear deterrent. They thought the American and British governments would be reluctant to use nuclear weapons outside the NATO area, and that the communists might be more inclined to risk limited wars.⁷⁹ Brook was not convinced Britain was deploying its resources to the best advantage to meet this situation. In November he drew Macmillan's attention to a number of interconnected questions of global strategy. Was Britain maintaining enough conventional forces for minor wars and police actions? Was enough being done to counter communist subversion and economic penetration? Above all, was it sufficiently realized that Britain must be more selective in its overseas policy? Did holding on to a colony in the face of continuing rebellion or unrest sustain prestige? His advice was that 'we cannot hope to maintain our influence in the world by clinging to the shadow of our old Imperial power after its substance has gone'. He urged that there should be a re-examination of which colonies should be retained for strategic, political, or economic reasons; those which could be advanced towards independence within the commonwealth; and those which could be abandoned on the grounds they cost more than they were worth.⁸⁰

Brook had hoped that his report on 'The position of the United Kingdom in world affairs', together with the strategic issues arising from the changing

⁷⁷ GEN 659/1st meeting, 7 July 1958, CAB 130/153.

⁷⁸ Memoranda by William Armstrong, 17 May, and Richard Clarke, 6 August, and note by Makins, 4 July (all 1958), T 234/754.

⁷⁹ 'The effects of nuclear sufficiency', COS (58) 39, 13 Feb. 1958, Ministry of Defence papers, series 5, volume 82 (DEFE 5/82), TNA; confidential annex to COS (58) 77th meeting, 3 Sept. 1958, DEFE 4/111.

⁸⁰ Brook, 'The position of the United Kingdom in world affairs', 4 Nov. 1958, PREM 11/2275.

nuclear balance, would lead ministers to examine fundamental questions of external policy. Macmillan took the view that the year before a general election was not a good time to take far-reaching decisions, but agreed that steps should be taken to enable ministers to take these decisions in the following year. Brook proposed in February 1959 that there should be a study of foreign, colonial, and strategic policy in the light of likely developments in world affairs, and the economic resources available, over the next ten years. He suggested that Macmillan invite a group of senior civil servants and the chiefs of staff to Chequers for a weekend to produce a document that would provide a basis for the study. Brook's purpose was to provide the background against which ministers could settle the lines of future defence policy and, 'in particular, a sensible weapons policy'.⁸¹ (There was an ongoing debate in Whitehall on what form the deterrent should take in the late 1960s, when the RAF's nuclear bombers were expected to be vulnerable to Soviet defences.⁸²) Macmillan was in no hurry to adopt Brook's idea, and the meeting at Chequers did not take place until 7 June.⁸³

The men chosen by Brook for the meeting were Makins (Treasury), Hoyer Millar, and Dean (Foreign Office), Sir Richard Powell (Ministry of Defence), and the chiefs of staff: Mountbatten (chief of defence staff), Sir Charles Lamb (first sea lord), Sir Francis Festing (chief of the imperial general staff), and Sir Dermot Boyle (chief of air staff). They produced the document outlining the ground to be covered by the review and, together with the permanent secretaries of the CRO (Sir Alec Clutterbuck) and of the Colonial Office (Sir Hilton Poynton), formed a steering committee to supervise the work. The main input to the report presented to ministers in February 1960, however, was by an interdepartmental working group chaired by Dean. As usual, officials tried to combine various departmental views that were not wholly in harmony with each other. These differences were reflected in ministers' comments on the report: whereas the chancellor of the exchequer (Derick Heathcoat Amory) thought it was too optimistic in some respects, the foreign secretary (Lloyd), home secretary (Butler), commonwealth secretary (Home), and the minister of defence (Harold Watkinson) all thought it was too pessimistic regarding the international role that Britain could play. Macmillan said the report was valuable background for decisions on specific problems. Treasury officials believed they had demonstrated the need for Britain to contract its commitments and to concentrate its efforts in order to have a more effective impact than it could with forces thinly spread.⁸⁴ The relevance of the 1960 future

⁸¹ 'Future policy', 20 Feb. 1959, PREM 11/2945.

⁸² S. J. Ball, *The bomber in British strategy: doctrine, strategy and Britain's world role, 1945-1960* (Boulder, CO, 1995), pp. 163-74.

⁸³ Macmillan diary, 7 June 1959, MS Macmillan dep. d.35, Bodleian Library, Oxford.

⁸⁴ 'Future policy study 1960-1970', C (60) 35, 29 Feb. 1960, CAB 129/100; FP (60) 1st meeting, 23 Mar. 1960, CAB 134/1929; note of meeting in Sir Frank Lee's room, 5 Apr. 1960, T 325/65.

policy report for this article is the extent to which Whitehall's views had shifted since the paper on 'The future of the United Kingdom in world affairs' four years earlier, and what factors officials regarded as making changes in Britain's role necessary.

As in 1956, the Treasury took the view that keeping sterling strong was a necessary condition for maintaining Britain's place in the world. A weakening of sterling would undermine the financial and political stability of countries using it as a reserve currency, and the CRO agreed that the cohesion of the commonwealth would thereby be threatened.⁸⁵ Maintenance of the sterling area, however, no longer featured as a goal, although it had done as recently as the Brook report in June 1958. Treasury officials recognized that the significance of the sterling area for international trade would decline following the move to full convertibility of sterling with the dollar in December 1958. Catherine Schenk has argued that from the 1950s Treasury officials recognized that the cost to the British economy of defending the exchange rate (by raising Bank rate) exceeded the benefits to the City of sterling as an international currency.⁸⁶ Nevertheless, no immediate change in international monetary policy was contemplated. Indeed, the Radcliffe Committee on the working of the monetary system had reported in August 1959 in favour of the continuation of the sterling area.⁸⁷

The official principally responsible for forecasts of changes in the balance of power was the redoubtable 'Otto' Clarke, the head of the Treasury's home and overseas planning staff. He worked from demographic trends and estimates of growth of steel and electrical output. Britain's relative power was expected to decline as its population and industrial output lagged behind the Soviet Union, the USA and the EEC.⁸⁸ The conclusion drawn in the future policy report was that Britain could not rely on its individual strength and must try to maintain its influence through alliances, particularly with the USA, and other groupings of nations, including the commonwealth and the UN. Fortunately, the USA would become less self-sufficient as its population increased, and would therefore be more interested, for example, in the security of oil supplies in the Middle East. On the other hand, the EEC might replace Britain as the USA's principal ally, and exclusion from European markets would weaken Britain's standing in the commonwealth. Britain would become increasingly vulnerable to the EEC's economic and trade policies, and it would not be possible to negotiate

⁸⁵ C (60) 35, part II, paras. 5–6, CAB 129/100; extracts from CRO draft memorandum, 'The commonwealth, 1960–1970', 30 July 1959, *BDEE*, series A, vol. IV, part I, pp. 61–9.

⁸⁶ C. Schenk, *The decline of sterling: managing the retreat of an international currency 1945–1992* (Cambridge, 2010), pp. 32, 111, 117, 207–8, 414–15.

⁸⁷ *Committee on the working of the monetary system: report* (Cmnd 827), PP 1958–9, XVII, p. 389, paras. 657–60, 678.

⁸⁸ C (60) 35, part I, paras. 1–6, CAB 129/100; 'Future policy 1960–70 (Q. A8)', by Clarke, 26 June 1959, FO 371/143702; P. E. Ramsbotham, 'Economic strength (questions 1–3) FP(B) (59) 11', 21 July 1959, FO 371/143704.

a satisfactory association with it without making concessions on imperial preferences.⁸⁹ The commonwealth still accounted for a larger share of British trade than the EEC in 1960, but imperial preferences were already becoming less significant, making it seem likely that the commonwealth would become less of an economic unit. The commonwealth continued to be seen as a means of propagating British values and of keeping developing countries out of the communists' clutches, but the Foreign Office dismissed as special pleading the CRO's claim that Britain's ability to maintain good relations with former colonies was the most important reason why the USA paid attention to British views.⁹⁰

Maintaining involvement of the USA in Europe through NATO was still seen as the principal element in British external policy. Britain's contribution to the nuclear deterrent must be sufficient to retain its status in the alliance, but the main area of active conflict between East and West would be the underdeveloped countries. More must be spent on economic aid, but the defence effort in the Middle and Far East should be on a scale that assumed co-operation from allies. The Ministry of Defence insisted on an ability to intervene alone to protect Kuwait being an exception to this rule, although Clarke had taken the view that it was most unlikely that the Arabs would cut off the supply of oil to the West. Withdrawal from the Singapore base was foreseen as a possibility, but only if political developments in the city or Malaya led to restrictions on Britain's use of the facilities there. Clarke thought that Britain's defence effort in the Far East served no clear purpose and that there was little prospect of doing anything useful unless the Australians were prepared to make a much greater contribution. However, his views did not sway the Foreign Office or the Ministry of Defence.⁹¹ The report thus set out an international role similar in scope to that outlined in the 1956 paper on the future of the UK in world affairs, but with a heightened awareness of relative decline and the need to work with friends and allies.

Reflecting the Treasury's concerns, the report warned that Britain was spending a higher proportion of its national income on defence than any of its allies, except the USA and France. Unless other NATO powers and the old dominions increased their defence expenditure, the UK would continue to suffer from a disproportionate burden. That in turn would undermine the stability of the economy and Britain's ability to sustain its foreign policy. This warning was prophetic: balance-of-payments pressures led to curbs on defence expenditure from 1964. Moreover, the world role envisaged in the report

⁸⁹ C (60) 35, part III, paras. 6, 8–9, 13, 30, CAB 129/100.

⁹⁰ C (60) 35, CAB 129/100, part I, paras. 12–13, and part III, paras. 14–16 and 30; comments by P. Dean and others, 4–10 Aug. 1959, on CRO draft memorandum, 'The commonwealth, 1960–1970' (see n. 85), FO 371/143705.

⁹¹ C (60) 35, part III, paras. 8, 38, 49–52, 64, 85, CAB 129/100; R. Clarke, 'Cost of UK defence', 21 Dec. 1959, and Clarke to Makins, 22 Dec. 1959, T 234/757.

required the British public to be willing to maintain the 1959 levels of expenditure on defence and overseas aid, but in the 1960s the proportion of national income spent on defence fell, while the proportion spent on social services rose.⁹² The Treasury was aware in 1959 that even maintaining defence expenditure as a constant proportion of national income would imply a decline in the size of the armed forces over time. Between 1950 and 1958, defence expenditure had risen 7 per cent faster than gross domestic product, and the trend was unlikely to change.⁹³ In the event, increasing costs of defence equipment and personnel, and downward pressure on defence budgets, led to a reassessment of Britain's world role. Clarke was advocating a withdrawal from east of Suez as early as July 1960, and gradually it became apparent to ministers that the alternative would be the (politically unacceptable) abandonment of British commitments to NATO. The decision to withdraw from east of Suez might have been taken earlier than 1967 had it not been for pressure from the USA to remain and the need to support Malaysia in its confrontation with Indonesia in 1963–7.⁹⁴

Britain's world role might have been maintained somewhat longer if economic growth had been higher and the balance of payments stronger. By 1958, Britain's relatively poor performance compared with other advanced economies was a matter of public debate.⁹⁵ The 1960s saw considerable efforts to modernize the economy through economic planning, but improvements in economic growth and the balance of trade were inadequate to sustain current levels of government overseas expenditure.⁹⁶ Labour productivity rose, but more slowly than in EEC countries.⁹⁷ In any case, no likely improvement in output per capita would have been sufficient to offset the demographic trends anticipated in 1959: whereas between 1957 and 1970 Britain's population was expected to grow from 52 million to 54 million, the estimated increase for the USA was from 171 million to 204 million; for the EEC from 164 million to

⁹² C (60) 35, part II, paras. 13–17, part IV, 30. For public expenditure see R. Middleton, *Government versus the market: the growth of the public sector, economic management and British economic performance, c. 1890–1979* (Cheltenham, 1996), p. 499.

⁹³ D. K. Burdett, 'Defence and the corpus', 6 Nov. 1959, T 234/756.

⁹⁴ Peden, *Arms, economics and British strategy*, pp. 332–42; S. Dockrill, *Britain's retreat from east of Suez: the choice between Europe and the world* (Basingstoke, 2002).

⁹⁵ A. Shonfield's seminal *British economic policy since the war* (Harmondsworth, 1958) came independently to similar conclusions to those of the Treasury on the need to reduce defence commitments, but was critical of its management of the economy and advocated economic planning.

⁹⁶ G. O'Hara, *From dreams to disillusionment: economic and social planning in 1960s Britain* (Basingstoke, 2007); H. Pemberton, 'Relative decline and British economic policy in the 1960s', *Historical Journal*, 47 (2004), pp. 989–1013; J. Tomlinson, 'Balanced accounts? Constructing the balance of payments problem in post-war Britain', *English Historical Review*, 124 (2009), pp. 863–84.

⁹⁷ A. Maddison, 'Macroeconomic accounts for European countries', in B. van Ark and N. Crafts, eds., *Quantitative aspects of post-war European economic growth* (Cambridge, 1996), pp. 27–83, at pp. 44, 63–4.

179 million; and for the Soviet Union from 203 million to 250 million. Looking at these figures, Arnold France, a Treasury under secretary involved in the future policy exercise, concluded that over the next ten or twenty years Britain would have to form a close political as well as economic relationship with some other part of the world, and that could only be Europe. The commonwealth had a population in 1959 of 590 million, but of these 500 million lived in underdeveloped countries, in need of more capital than Britain could supply. Referring to Churchill's conception of Britain being at the centre of 'three circles' of the USA, the commonwealth, and Western Europe, France remarked: 'I doubt whether we shall be sufficiently skilful as a juggler to keep the three circles all in the air much longer.'⁹⁸

IV

Ministers tend to respond to events rather than forecasts of trends, and the policy reviews of 1956–60 did not in themselves lead to decisions. Even so, in the long run economic and demographic trends limit ministers' choices, and these limits were perceptibly narrowing by the later 1950s. The men who carried out the reviews did not define power, but they understood that Britain's ability to defend its interests depended on an appropriate mix of armed forces, a sound economy, prestige, soft power (particularly through the commonwealth which encouraged its members to align their interests with Britain), and alliances, above all with the USA. The tendency of defence expenditure to increase more rapidly than national income led inexorably to the need to ease the strain on the economy by reducing the size of the armed forces, and therefore to reduce overseas commitments. The alternative would have been a weakening economy and inability to fulfil commitments, both detrimental to prestige. In the light of demographic and industrial forecasts, Britain was expected in 1959–60 to become less and less able to play an independent role on the world stage in the coming decade.

Compared with these trends, Suez was little more than an eddy in the fast-flowing stream of history. Eden's miscalculation of American reactions to the attack on Egypt was damaging to Britain's reputation and fatal for his career, but there had been no illusions in Whitehall about Britain's ability to act contrary to American wishes. Nor was there a dramatic change in Britain's world role after 1956. The retreat from the Middle East that had begun in 1948 did not become a rout, and acceleration of decolonization in Africa after 1959 was the result of a complex combination of factors. Britain did turn a little from

⁹⁸ A. France to Sir D. Rickett, 22 July 1959, T 234/277. See also P. Vinter, 'Relationships with the US, Europe and the commonwealth', 24 July 1959, T 234/755. For Churchill's 'three circles', see *The Times*, 11 Oct. 1948. Approximate populations in 1970 were: UK 55.6 million; USA 203 million; EEC 188 million; Soviet Union 242 million.

the commonwealth towards Europe after 1956, but the commonwealth had already ceased to be a coherent alliance and the EEC's market would have exercised a gravitational pull on Britain in any event. The psychological shock of Suez highlighted realities of Britain's position in world affairs, but pressure for change would have been felt even if Nasser had never nationalized the Canal.