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Politics and 'Black Tuesday'

Jeffrey Pickering
POLITICS AND ‘BLACK TUESDAY':
REEXAMINING THE WILSON GOVERNMENT DECISION
TO WITHDRAW FROM THE EAST OF SUEZ AREA

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Note: I would like to thank Dale Herspring for his suggestions on this paper. Of course, any errors that remain are my responsibility.
In January 1968, the Wilson government announced that Britain would abandon the vast chain of military outposts, fueling stations, and airfields that the country had maintained for over a century from the Mediterranean to the South China Sea. Commonly called the east of Suez role, this chain had long been a prominent symbol of British power to both policymakers and the populace. The decision to retrench from these positions was difficult, particularly for a Labour government which had staunchly defended Britain's great power status and its strategic possessions overseas for over three years. It was also historic.

Some notable observers have argued that the east of Suez decision represented the last gasp in British policymakers' long struggle to keep Britain among the ranks of the world powers. From this view, when this struggle was lost and the decision to retrench was made, the "last pretense" that Britain was "a world power was . . . stripped away." Although historical watersheds are rarely as clean or definitive as this, there can be little doubt that the east of Suez decision was among the most momentous episodes in twentieth century British history. London retained possessions scattered around the world afterwards, such as British Honduras, the Falkland
Islands, and Hong Kong, but it no longer had a fixed network of strategic outposts designed solely for the purpose of extending British influence to distant parts of the globe. After January 1968, Britain became more a European power than a global power.

This year marks the thirtieth anniversary of the east of Suez decision, and hence it offers a useful vantage point for reappraisal. Being now three decades removed from the events of 1967-8, this essay provides fresh insight into the Wilson government’s decision to withdraw from east of Suez. It also presents the first thorough analysis of the policymaking process in the Wilson Cabinet at this crucial juncture.

Conventional wisdom states that economic factors forced the Wilson government from garrisons in the Middle East and Far East. Michael Dockrill, for example, maintains that the decision to “abandon Britain’s pretensions east of Suez was one clear case where the pressure of economic circumstances forced Britain into a sudden change of course.” 2 In his excellent history of Britain’s east of Suez policy, Phillip Darby argues that Britain eventually came to a point where it simply no longer had the economic capacity to maintain an overseas military network. “In the last resort,” Darby concludes, “... a lack of resources rather than intellectual rejection ensured [east of Suez’s] abandonment.” 3 The consensus among policymakers and officials is much the same--that the country’s
relative economic decline and the harsh realities of Britain's economic situation left no alternative but to abandon military positions abroad. When recalling the decision, one senior mandarin in the Ministry of Defence (MoD) concludes that "policy only changes when someone turns off the money tap." 4

Although the "money tap" was indeed important, this article demonstrates that Britain's economic problems alone do not provide a sufficient explanation of the Wilson government's decision to withdraw from east of Suez. 5 To fully understand this decision, both economic and political considerations must be taken into account. Since the former have been emphasized in previous studies, this article outlines the significance of the latter.

The focus of this essay is the roughly two month period from Britain's second postwar devaluation on 18 November 1967 to 16 January 1968, a date that came to be known as "Black Tuesday" in the Ministry of Defence. For it was on this Tuesday that the east of Suez decision was officially announced. Before turning to analyze this critical two month juncture, however, one must summarize two contextual considerations: (1) the multiple reasons why the Wilson government was more committed to Britain's overseas military network than perhaps any of its post-1945 predecessors and (2) the 1966 sterling crisis, which was the first external shock to
prompt the Wilson Cabinet to seriously reappraise the east of Suez role. This context is essential to understand the political variables that dislodged the status quo in late 1967 and early 1968.

**Winds of Change?**

If any doubts existed about the commitment Britain's second majority Labour government had to east of Suez, they were dispelled by Harold Wilson shortly after taking office. In a House of Commons debate on 16 December 1964, the Prime Minister asserted:

> I want to make it clear that whatever we may do in the field of cost effectiveness, value for money, and a stringent review of expenditure, we cannot afford to relinquish our world role, our role which, for shorthand purposes, is sometimes called our 'east of Suez' role... 6

No other country could make the contribution Britain made to the world outside of Europe, as Wilson went on to explain with regard to American attitudes:

> Our American allies are not so impressed with our claims to be a world power... if we base our claims on matching our nuclear policy with theirs. They are perfectly capable of doing the arithmetic in megatons. What does impress them is our ability to mount peacekeeping operations that no one else can mount.7

Thus, the Prime Minister and his government felt that the military role in the Middle and Far East was even more vital for Britain's prestige than the nuclear deterrent.
There were a number of reasons the Wilson Cabinet felt the east of Suez role was crucial in their first years in office. The perceived need to provide the country with a post-imperial sense of national purpose influenced the Labour government as much as any of its predecessors. Access to oil and the need to guarantee U.S. financial backing also figured into the government's calculations on the overseas military role, and the problem of how to disentangle existing commitments remained daunting. Moreover, this was a Labour regime with a left-wing premier, and Wilson and his colleagues were acutely aware of the fact. Given their pedigree, they felt they had to remain beyond reproach on foreign policy issues.8

Yet, the government was not simply compelled by political circumstance to maintain east of Suez commitments. The nucleus of the Wilson Cabinet consisted of men from the old Labour right who fervently supported the overseas military role. Aptly labeled "Bevinites," these influential ministers espoused the type of traditional foreign policy course charted by Labour Foreign Secretary Ernest Bevin in the late 1940s. The core of this Bevinite grouping included the Chancellor, James Callaghan; the Defence Minister, Denis Healey; and the successive Foreign Secretaries of the first two Wilson regimes, Patrick Gordon Walker, Michael Stewart, and George Brown.9 Although from the left of the party, the Prime Minister was
perhaps the most stalwart supporter of east of Suez in the government. His firm stance on this issue stems partially from his high opinion of Britain's weight in the world and his romantic conception of the country's overseas military role.  

The Wilson Cabinet's position on east of Suez was never seriously challenged during its first three years in office. It took the blow of devaluation and the political machinations which followed to force the government from its chosen policy course. Yet, the process of reevaluation began even before this traumatic shock. The first financial crisis to rack the government, the sterling crisis of 1966, forced even the most ardent Cabinet supporters of east of Suez to reconsider the costs of this role at a time when the British economy was beset by problems. By initiating the reappraisal process, the 1966 crisis laid the groundwork for the momentous sequence of events which would follow the change in parity. It also compelled the Wilson Cabinet to try to bind Britain more closely to Europe.

The financial crisis of July 1966 was unforeseen by the Wilson government, and hence it was a jarring episode. Cabinet morale sunk, with some referring to the crisis as Labour's "Suez" in the corridors of the Commons. Since the Prime Minister had staked his political reputation on sterling's parity from his first days in office, he balked at the possibility of devaluing to resolve the crisis. Instead, the
government imposed the most severe deflationary package on Britain since 1945. Wilson refused to alter the exchange rate because he recognized that Labour had been linked in the public mind with devaluation since the Attlee regime changed parity in 1949. Moreover, as his comments above partly illustrate, he was convinced that Britain's great power status was supported largely by two pillars: the east of Suez role and sterling's position as a major reserve currency. These pillars were his government's core overseas policies, which would not be easily abandoned.\textsuperscript{12}

The deflationary policies chosen carried a high price. Since government spending would have to be curtailed, the Labour government's most prized domestic policy program emphasizing state-led growth, the National Plan, was effectively undermined. In the wake of this policy failure, the Wilson Cabinet searched feverishly for propitious policy paths. The most notable one found was Europe, and not long after a Cabinet which had been gradually leaning toward closer ties with the European Economic Community [EEC] became fixated on entry. As Tony Benn, Minister of Technology, recalls, after the sterling crisis "[We] were a defeated Cabinet. We were now looking for solutions to our problems from the outside and somehow we were persuaded that the Common Market was the way of making progress."\textsuperscript{13} Britain's second application for membership
in the EEC followed, only to be rebuffed in a matter of weeks by French President Charles De Gaulle.

The British were halted seemingly at the gates of Europe, but the application had important ramifications for the east of Suez role nonetheless. The movement of opinion toward Europe in the Cabinet waned only temporarily after De Gaulle's veto, and this would seem to mark a trend away from support for east of Suez. It could be argued that with the bid to enter the Common Market, ministers were beginning, at some level, to accept that Britain was a European and not a world power.

Yet, the connection between these two trends was not immediately obvious to participants, particularly the Bevinite faction at the center of the Cabinet. One Bevinite minister present, Patrick Gordon Walker, reports that the move toward Europe and the possibility of contraction in the overseas military role were not treated as being "directly or intellectually related" by the Cabinet at this time. The Labour government's foreign policy pronouncements in late 1966 and much of 1967, which firmly backed Britain's military presence in the Far East and Middle East, lend considerable support to this view.

Moreover, the most influential proponent of this presence in the government, the Prime Minister, remained resolute. One episode in particular demonstrates his unwavering position, the
vote on the 1967 Defence White Paper in March. Sixty-two Labour backbenchers abstained from this vote because they opposed the overseas military role. Yet, this revolt did not set any embryonic ideas the Prime Minister may have had about where Britain's future lay. To the contrary, Wilson immediately called a full meeting of the Parliamentary Labour Party where he viciously attacked the rebels while vigorously defending east of Suez.\textsuperscript{15} It appears evident, then, that in the Prime Minister's mind any moves the government made toward Europe did not equate with a simultaneous desire to abandon Britain's commitments in the wider world.

The sterling crisis and the severe economic policies which followed also had a more direct impact on east of Suez. Further economies now had to be found in defense. Ongoing conflict against Indonesia in Borneo, termed "confrontation," prevented either immediate or drastic cuts in British forces in the area. But when confrontation ended abruptly in April 1967, the Wilson government had its first opportunity since the 1966 financial crisis to earnestly reevaluate British capabilities in the Middle and the Far East. The result was the \textit{Supplemental White Paper on Defence} of 18 July 1967. British forces in the Far East would be halved by 1970-1 and completely withdrawn by the mid-1970s. Shedding forces in this region held the promise of considerable savings, with military
expenditure dropping to roughly 1800 million pounds by the middle 1970s, well below the 2000 million pound limit the government had established for defense spending in 1964. 16

Even though formerly essential bases such as Singapore were being abandoned, the new strategy was not at the time seen to mark a major shift in policy. British troops would remain stationed in the Persian Gulf, and a more mobile force structure would allow Britain to maintain a special military capability in East Asia. As David Greenwood observes, ministers saw “the prescriptions of [the Supplemental White Paper] as modifications in the composition and location of forces for east of Suez contingencies, and nothing more.” 17 The government’s critics, both on the other side of the Commons’ aisle and in the press, in large part concurred. The defense revisions were received as merely the most recent cost-cutting measures, which did not transform either Britain’s role or its commitments east of Suez. 18

The architects of Labour’s foreign policy not only stressed the continuity of policy in the July 1967 announcement, they hailed the revisions. It was felt that a balance had finally been struck between economic constraint and a permanent, and more modest and sustainable, overseas military
role. Military deployments were now so streamlined that the east of Suez role could be maintained even if the British economy continued to falter. For many in the Wilson government, it seemed that after years of constantly searching for defense economies the east of Suez role had finally been steered away from the cliff’s edge. This belief proved to be an illusion.

Devaluation and Withdrawal

Less than six months after the July statement was announced, the new program was abandoned, replaced by a policy of complete retrenchment from east of Suez. This abrupt volte-face can be understood only in the context of Britain’s rapidly eroding economic position and, even more importantly, the increasing political efficacy of those who argued for total withdrawal. 19

Britain’s economic position appeared to stabilize after the 1966 sterling crisis. By September 1967 the Prime Minister confidently announced that his government had reached an economic “turning point.” 20 Despite such optimism, sterling remained in a precarious position, only a jolt or two from
catastrophe. These jolts were not long in coming. One was provided indirectly by the Arab-Israeli war in June, which temporarily closed the Suez Canal and held up Britain's usual supply of oil at the source. Civil war in Nigeria only added to Britain's difficulties in acquiring oil and the country was soon forced to buy alternative supplies from the Western Hemisphere at higher prices. Worse still, an indefinite dock strike was announced in September in Liverpool and London. The currency markets anticipated considerable dislocation in British industry as exports languished on closed docks or, worse still, that the country's export capacity might be permanently damaged. Following these events, the government found it increasingly difficult to hold the line on sterling. By late October, the country was engulfed in the second sterling crisis of the late 1960s.

The economic situation deteriorated so fast that the devaluation avoided the previous year now seemed imminent. The Prime Minister's own instincts remained as opposed to devaluation as ever, but the situation was now much too desperate to postpone a change in parity. Reluctantly, the decision was made.

Sterling would henceforth be exchanged at $2.40 rather than $2.80. Fifty million pounds was added instantly to
defense costs annually, which meant that further defense reductions were once again necessary. Moreover, as the Prime Minister and others opposing devaluation had consistently warned, a “ghoulish package” of economic measures would be required to take advantage of the opportunity offered by devaluation and to maintain the confidence of the world’s financial markets. A substantial diversion of resources to exports and investment was necessary, and domestic demand had to be suppressed, as the entire purpose of devaluation was to provide a sizable enough boost to British exporters to improve the balance of payments.

In the immediate aftermath of devaluation, Chancellor Callaghan was confident that the necessary cuts, while severe, could be made without significant alterations to existing policy. With regard to the overseas role, this resulted in a range of limited expenditure reductions being announced. The most notable were the phasing out of the carrier HMS Victorious more rapidly and the abandonment of plans to build an air-staging post on Aldabra, an uninhabited island off the coast of Eastern Africa. Aldabra was unique because it was the only planned staging-post which would have allowed forces from Britain to bypass both the Middle East and Northern Africa and, in so doing, to circumvent those countries that would be most
likely to deny overflight rights in times of crisis.\textsuperscript{24}

Still, such reductions in Britain's military capabilities were not accompanied by reductions in the scope of the country's overseas commitments. The Defence Minister, Denis Healey, confirmed this point in late November when he insisted that "we can have no reversal of the July decision" on the overseas role.\textsuperscript{25} The purely economic considerations arising after devaluation did not, it seems, necessitate a withdrawal from Britain's military role abroad. Much depended on how the events of November 1967 were interpreted and how they were utilized to shape the political agenda.

In other words, the political transformations set in motion by devaluation had a much greater impact on the east of Suez role than economic concerns, either immediate or long-term.\textsuperscript{26} Two such transformations were crucial in determining the future path of Britain's foreign policy. First, devaluation eroded the credibility and the confidence of the most influential and the most steadfast political actor supporting the east of Suez role, the Prime Minister. Second, this external shock finally upset the "Bevinite" consensus at the heart of the Cabinet. The effect that devaluation had upon Wilson can be outlined briefly, but the Cabinet shift was a more complicated and lengthier process and hence it must be analyzed in greater detail. It was this Cabinet shift which in
the end proved decisive.

With regard to the Prime Minister, Wilson was politically scarred by devaluation. He had staked his political reputation and his career on parity and when the pound was undermined so, it seems, were some of his political sensibilities. Ministers noted that his behavior became somewhat bizarre after November 1967. 27 Most peculiar was his cheerful, almost euphoric reaction to the change in parity. Instead of behaving as if his government had suffered a setback when this core policy goal was discarded, Wilson both publicly and privately presented the decision as a hard-won political victory. This behavior may have merely been a symptom of the battle fatigue he suffered after the long, punishing struggle to maintain parity, but it was nonetheless perceived as inappropriate and disingenuous both in the public and in the Commons. It caused what was already a growing credibility gap for the Prime Minister, which extended back to at least the scrapping of the National Plan, to widen into a large schism. If it was not increasingly the case before, Wilson was simply no longer believed after devaluation. 28 "He has only to hint at such grand concepts as 'the national interest' or 'Britain's honour' or as much as whisper 'promise' or 'pledge,' one hostile commentator observed, "for the whole House to break into embarrassed blushing on the Labour side or guffaws from the Opposition." 29
Although this characterization was not entirely fair, it was accurate. The Prime Minister's political capital was severely depleted by devaluation and his subsequent attempts to repack the decision. For some period after this, Wilson seemed in many ways to retreat from the tribulations of political leadership, taking a less than active role in Cabinet.  

Although the Prime Minister seemed to recede politically, he remained active enough to oversee the most dramatic shift in the balance of Cabinet power in his government's tenure. This shift overturned the coalition which had dominated the foreign policy process in Britain for almost three years, staunchly supporting the east of Suez role all the while. The political transformations in the aftermath of devaluation allowed a new winning coalition to gel on this issue, one that would call for an end to Britain's world role. The creation of this new winning coalition involved more, of course, than the relative passivity of a humbled Prime Minister. In fact, what would prove to be a profound transformation with regard to the east of Suez role was not consciously planned or debated by leading members of the Cabinet; it was largely an indirect result of the scramble for political survival in the wake of a severe external shock.

The reformulation of the nucleus of the Cabinet originated
from the humiliation of a failed Chancellor and the short-term political calculations the Prime Minister used to fill the vacancy. Although Wilson urged Callaghan to stay on, both men recognized that the position of a Chancellor who had done what he consistently pledged not to do—devalue—was unsupportable in the long run. Reluctantly accepting Callaghan's resignation, Wilson nevertheless knew he could not allow such a prominent politician of the old right to join the ranks of Labour's always-troublesome backbenchers. The two men had been locked in dispute often enough over the past three years for the Prime Minister to realize that his Chancellor could be a considerable source of trouble if he were freed from the shackles of collective government.

Astutely calculating that Callaghan's political fortunes would again rise, Wilson engineered a Cabinet reshuffle which would keep Callaghan under his watchful supervision while also promoting a powerful rival to check his ambitions. The Prime Minister also needed to breathe new life into his beleaguered government when making these changes. Both goals could be accomplished, Wilson concluded, by a direct switch between Callaghan and Roy Jenkins, the Home Secretary, with the two postings to take effect at the end of November. Jenkins was popular and had succeeded at the Home Office, a post where many fail, and it seemed he could provide a much needed new look to
the Treasury during a relatively dire moment.\textsuperscript{31}

It is improbable that Wilson calculated the potential impact that this Cabinet swap would have on the overseas military role, the last of his core policies. He was attempting first and foremost to ensure that his presence on the political scene would not fade, for his political standing was low enough that a palace coup was a distinct possibility.\textsuperscript{32} To do so, he reverted to the instinctual strategizing he used to keep his rivals within the government at bay, and such strategizing provides the most convincing explanation of the November 1967 reshuffle. It is likely that Jenkins' promotion had less to do with his popularity or his past ministerial successes than with the fact that he and Callaghan were bitter political adversaries. Neither man would ever contemplate supporting the other in a bid for the leadership, which could not be said of other candidates for the Chancellorship. Thus, the Prime Minister felt that by promoting Jenkins he had perpetuated the "galaxy of jealous rivals" in his Cabinet which he had toiled to maintain since taking office.

This time, however, the Prime Minister's usually adroit balancing act among potential challengers faltered. His strategy up to this point had been to always multiply, rather than reduce, the number of would-be challengers. Carefully balancing several conceivable potentates would, the Prime
Minister thought, make them wary enough of each other to fear any dislocation at the center of the government. After all, if an adversary ascended to the premiership, unsuccessful challengers might find their own ministerial careers abruptly coming to an end. The best explication that Wilson provided of his Cabinet-balancing strategy was that given to his ally Richard Crossman after the first sterling crisis in 1966: “I managed to increase my own crown princes from two to six. That was the point of my reshuffle . . . Now I've got seven potential Chancellors and I've knocked out the situation where Jenkins is the only alternative to Callaghan.” The Prime Minister was convinced, it seems, that “safety was in numbers”. 34

Yet, probably unknowingly, in his post-devaluation switch the Prime Minister had reversed his previous formula for political survival. Instead of expanding the number of would-be successors, placing them in posts where they would check one another's political rapacity, the Cabinet switch in November 1967 had the opposite effect. The number of potential challengers contracted alarmingly to only one. At a time when the Prime Minister's own political standing and his personal confidence were reeling and his government was foundering politically, it was inevitable that this reversal would have serious policy ramifications.
As Ben Pimlott observes, "the resolution of the Chancellorship in Jenkins' favor upset the equilibrium" in the Cabinet which Wilson had so conscientiously tried to foster. All of the crown princes were by this point politically damaged. Most notable were the two most prominent figures in the government other than the Prime Minister, James Callaghan and George Brown. The former was weakened for nearly a year after devaluation; the latter, the Foreign Secretary, was considered too temperamental for the premiership after a series of public outbursts. All were politically vulnerable, that is, except for Jenkins, whose political capital was rapidly ascending. The new Chancellor was at this moment the only serious challenger to the throne and the only senior minister who was untarnished by the government's policy capitulations of the past year and a half.

Cabinet politics were transformed rapidly in this context. The Chancellor soon became the most influential minister in Cabinet, often seeming to overshadow even the Prime Minister. In his biography of Jenkins, John Campbell claims that at this time "the PM was effectively in his [that is, Jenkins'] power". Crossman simply records that Jenkins was the "dominant force in the Cabinet". It would have been impossible for Wilson to circumvent Jenkins at this point, so the Prime Minister tried to tie himself, in Jenkins' words, "if not by
hoops of steel, at least by bonds of mutual self-interest" to his rising Chancellor.\textsuperscript{39} Their asymmetrical political relationship was evident to even the most casual observer. In newspapers at this time, the Prime Minister was regularly caricatured as Jenkins' poodle.

The altered dynamics of Cabinet politics had serious repercussions for the east of Suez role. In essence, Jenkins' promotion had overturned the Bevinite consensus at the heart of the Cabinet. The new Chancellor had long advocated a closer relationship with Europe and was highly critical of what he saw as outdated imperialist pretensions embodied in the east of Suez role.\textsuperscript{40} This was the first time since the late 1940s, in Attlee's government, that a senior minister intimately involved in the foreign policy process adamantly opposed the country's overseas military commitments. The long-standing and seemingly impregnable wall of senior ministerial support for Britain's east of Suez commitments now had a gaping hole in it, and soon it began to crumble. It was this incidental political transformation, initiated for purely political motives with little or no contemplation of the impact on the east of Suez commitments, that as much and probably more than economic constraint spelled the end of what Wilson termed Britain's "world role."

Timing was crucial in this political upheaval. Jenkins
gained prominence during a unique historical juncture in the evolution of post-1945 British foreign policy. In the aftermath of repeated external shocks the political system was perhaps more fluid than at any point since the Second World War in late 1967 and early 1968 and, consequently, it was susceptible to dramatic new policy initiatives. The new Chancellor thus found himself in an unanticipated and enviable position which is rare within the confines of Cabinet government: that of a policy entrepreneur, able to almost single-handedly shape a radical new policy agenda within a "policy window." This transformation did not, of course, occur in the absence of political opposition, but the opposition encountered was unusually feeble and ultimately surmountable. In sum, the period after devaluation was a rare historical moment when a single actor was able to stand in between cross-cutting historical trends, upsetting the status quo and guiding policy in a new direction.

On becoming Chancellor, Jenkins found that the economic situation had not improved after devaluation. Sterling remained under pressure, and many in the financial world thought that a second devaluation was imminent. Jenkins later recalled that even after the change in parity in 1967, "we were ... always near the edge of the cliff [when trying to maintain sterling], with any gust of wind, or sudden stone in the path, or
inattention to steering, liable to send us over.\textsuperscript{42} More severe expenditure cuts were necessary, and it was apparent that significant policy changes were inevitable. Consequently, the Prime Minister announced on 18 December that a stringent review of all areas of governmental spending, including defense, would begin immediately.\textsuperscript{43}

The Chancellor set about determining which policy programs would fall under the budgetary axe using only his own political instincts as a guide. While officials in the Treasury were at this time making him sufficiently aware of the economic perils that lay ahead without swift action they were, as he notes, "less good at suggesting constructive action".\textsuperscript{44} Such dormancy in a department well-known for its competent advice may have been at least partly due to the exhaustion and demoralization that set in following the Treasury's long and unsuccessful struggle against devaluation.

Although Jenkins had little help from subordinates, at the same time he had few restraints placed on him from above. Worn down by repeated external shocks and policy failures, the Prime Minister by this time had lost his drive and his vision in matters of policy. Any thoughts of economic planning at home or grandiose roles abroad were abruptly discarded. By late 1967 Wilson was content to agree with his Chancellor that, at this stage in his government, only one policy calculation was truly
important: what was good for the balance of payments was good for Labour and, by extension, Britain as a whole. Political survival overrode all other policy goals for the Prime Minister at this time, for he recognized that some type of solution, even a partial one, to Britain's economic troubles was necessary to regain his political credibility and to give Labour a chance at victory in the next election.

In this relatively unobstructed political environment, Jenkins was free to rely on his own internal map of Britain's domestic and foreign priorities in planning expenditure cuts. He proposed a "controversial quadrilateral" of cuts to help shore up the economy, the four corners of which were: postponing for four years the raising of the school leaving age to 16; a restoration of prescription charges; the early and complete withdrawal of British forces from the east of Suez area, with a handful of exceptions like Hong Kong, and the renouncement of British commitments in the area; and finally the cancellation of an order of 50 U.S. F-111A strike aircraft which were needed if the overseas military role was maintained. Given his views on Britain's overseas role, it is not surprising that the elimination of the east of Suez network was at the heart of Jenkins' plan. Crossman pithily described the proposed reductions as the "slaughter [of] some sacred cows in order to appease the bankers". None was more sacred than the
overseas military role, particularly to the Prime Minister. Wilson nevertheless accepted the reductions with little contestation in mid-December 1967. Thereafter, he helped to guide the policy changes through Cabinet, providing unfailing support.

The Prime Minister chose to consider the cuts in a grueling series of eight Cabinet meetings from 4 January to 15 January, a tactic that he thought would wear down the opposition to the proposed reductions. The Chancellor did most of the advocacy for the cuts in these sessions, with Wilson providing silent, but steady, support for the package. As Tony Benn recollects, as the Cabinet debate wore on the Prime Minister was “never quite equal to the occasion”. Wilson’s tacit support was nevertheless crucial. When debate ended on the overseas military role, only a wafer thin majority backed retrenchment. Stalwart senior ministers who had ensured Britain’s military presence east of Suez since Labour had taken office—instinctive world role men such as Brown, Callaghan, Healey, and Stewart—fought vigorously against complete disengagement, and they were joined by the new Commonwealth Relations Office [CRO] Secretary, George Thomson. It was the Prime Minister’s “tail” of relatively loyal followers in Cabinet that carried the day, allowing the Chancellor to push through his cuts successfully. Thus, despite his immense
influence at the time, Jenkins depended on the Prime Minister's coterie to override his old friends on the right in the Cabinet. 48

Among other things, the slender majority supporting retrenchment in the Cabinet illuminates the complexities of policy entrepreneurship in collective forms of government. Cabinet government can almost never be a one-person production, and hence policy entrepreneurship in this setting requires the acquiescence, reluctant or otherwise, of important ministers, particularly the Prime Minister. At the end of the day, although Jenkins in large part molded the policy path that Britain took after devaluation, it was the quiet advocacy of the Prime Minister which ensured its implementation.

Moreover, even with the Prime Minister's support a majority in Cabinet was far from assured. 49 An episode recorded by the Chancellor epitomizes the tenacity of those who opposed retrenchment. It also underscores how narrow was the margin of victory for the reformers. Being relatively green, the Chancellor mistakenly agreed to meet some of his colleagues from Labour's old right in George Brown's room in the House Commons. When he arrived there, he found the three main ministers from overseas departments--Brown at the Foreign Office [FO], Healey at the MoD, and Thomson at the CRO--and a handful of officials waiting for him. In Jenkins' words, "they
all proceeded to defend Britain's world-wide role with an attachment to imperial commitments worthy of a conclave of Joseph Chamberlain, Kitchener of Khartoum, and George Nathaniel Curzon." Although the overseas ministers knocked him "around like a squash ball" that afternoon, Jenkins managed to escape and to eventually carry the day in Cabinet.\textsuperscript{50} A particularly telling moment came during the second to last session on the proposed cuts, on 12 January, when the Foreign Secretary began to turn the tide of Cabinet opinion by arguing that the Americans were extremely concerned about the possibility of a British withdrawal from the east of Suez area. Jenkins took this opportunity to extract revenge on his former assailant by forcefully reaffirming the dire need for a major redirection of the country's foreign policy.\textsuperscript{51}

Resistance also came from Whitehall, although by this time formerly powerful voices opposing retrenchment in the foreign policy apparatus, while not muted, grew increasingly muffled. Both the FO and the CRO called for a continuation of Britain's military presence in the east of Suez area, even if this would entail a substantial reduction of British force levels overseas.\textsuperscript{52} The MoD and the Chiefs of Staff also rigidly opposed complete withdrawal, but in a distinctive way. The services and their institutional reflection, the MoD, argued that the gap between Britain's commitments in the east of Suez area and the
forces committed there had been stretched too far, and consequently commitments would have to be curtailed if there were to be any further budget reductions.\textsuperscript{53} Ironically, although few in the military services anticipated or wanted such an outcome, because defense cuts were unavoidable, this stance was tantamount to saying that Britain would have to abandon some or all of its overseas military role.

The Defence Minister complied with this position, and hence he appeared at times to be an adamant defender of the overseas role to those favoring retrenchment. Yet, it seems that by this time Healey believed that retrenchment was unavoidable and perhaps even a preferable option.\textsuperscript{54} He may have conveyed this opinion to the Chancellor during a series of lunches the two men had together before the Cabinet meetings on the cuts, further buoying the coalition which was forming in support of retrenchment.\textsuperscript{55} Yet, more than any tacit support by the Defence Minister, it was Wilson's skillful management of Cabinet that was critical in overcoming bureaucratic opposition. He guided the Cabinet through the east of Suez debate swiftly, thwarting a counter-attack by the overseas departments who were bolstered by the U.S. and Britain's erstwhile allies in the Far East and the Persian Gulf.\textsuperscript{56}

It was, in fact, among Britain's overseas allies that those favoring retrenchment discovered the most stubborn
resistance. While the status quo position adopted by the overseas ministries resonated little with domestic political actors at the time, it found considerable support abroad. Persian Gulf states repeatedly offered to underwrite Britain's presence in that part of the world. In addition, Singapore's Prime Minister Lee Kuan Yew flew to London in the middle of the heated Cabinet debates over Britain's overseas commitments to lobby for the continuation of the east of Suez role, increasing the difficulties for the newly constituted coalition favoring retrenchment. Even more consequential was the anger expressed by the United States over the possibility of retrenchment.

Since the late 1950s successive British governments had come under intense pressure from Washington to maintain commitments east of Suez. By this time, American policymakers had begun to realize that a massive nuclear arsenal was of limited utility in small-scale conflicts in the developing world, increasingly the locale of the fight against communism. They also recognized that the costs of policing the world with conventional weapons was beyond even the United States' considerable capabilities. In Washington's new strategic outlook, Britain's role in the Indian Ocean area appeared vital.

However, the 1966 sterling crisis brought increased appreciation of Britain's economic vulnerability in U.S.
foreign policy circles, and subsequently the signals coming from Washington became less adamant. Some in the Johnson Administration, such as the Treasury Secretary, Joseph Fowler, the Undersecretary of State, George Ball, and the administration's elder statesman, Dean Acheson, were even convinced that withdrawal from east of Suez was not only inevitable, it was essential for Britain's long-term economic vitality. There is little evidence this view was widely shared in Johnson's inner circle.59

Despite Washington's softening stance, once the decision was upon them, the Johnson Administration recoiled from the thought of Britain withdrawing completely from the east of Suez role. For an American administration facing increasing difficulties in Vietnam, retrenchment by their closest ally and their primary partner in global policing was considered the ultimate betrayal. The President sent a sharply-worded letter to the Prime Minister on 14 January which stated that if Britain abandoned east of Suez commitments and rescinded the F-111A order, the United States would no longer consider Britain a valuable ally in any strategic theatre, including Europe. For a Labour government which had clung for three long years to notions of Britain's greatness, the possibility of such a diplomatic relegation by their closest, and most powerful, ally stung.60
The Prime Minister's reply was predictably distressed, but he did not shrink from the challenge. His reply underscores how agonizing the decisions of early January 1968 were for all involved. It also illuminates the fact he and many of colleagues felt that Britain had finally, after repeated economic crises, turned the corner with regard to the world role. Wilson cabled President Johnson that Britons were "sick and tired of being thought willing to eke out a comfortable existence on borrowed money". Sacrifices at home were tolerable, but "we must no longer overstrain our real resources and capabilities in the military field abroad". The Labour government was simply trying to find a military role which would be commensurate with Britain's means; they had no intention, as might be suspected in some corners of the U.S. Administration, of carving out a new neutralist foreign policy. Wilson concluded: "Believe me, Lyndon, the decisions that we are having to take now have been the most difficult and the heaviest that I, and I think all of my colleagues, can remember in our public life . . . we are taking them because we are convinced that, in the longer term, only thus can Britain find the new place on the world stage that, I firmly believe, the British people ardently desire". 61

The point of no return for Britain's overseas military role had thus finally been reached. As the Cabinet's thinking
drifted toward withdrawal, the skeleton military force in the east of Suez area advocated by the Foreign Office and the Commonwealth Relations Office was never given full consideration. A forceful new Chancellor and a reticent, but nevertheless effectual, Prime Minister were committed to steering British foreign policy in a new direction, and with great difficulties and over spirited opposition, they were able to craft a new winning coalition in the government on this issue.

The outcome was Black Tuesday. All of the Chancellor's proposed reductions won support in Cabinet. Consequently, nearly all British forces would be withdrawn from the Middle East and East Asia by the end of 1971 and thereafter Britain claimed no special capability to use force in the area. In short, Britain would, with this decision, cease to be a truly global military power. It would no longer maintain permanent military facilities overseas for the purpose of projecting British influence and shaping political outcomes in distant regions, in this case in the east of Suez area. The Labour government was finally, in Richard Crossman's imagery, "breaking through the status barrier," laying down the old symbols of empire and overseas military might.62
Conclusion

The events of late 1967 and early 1968 were thus momentous for the Wilson government and the British nation. But they cannot be fully explained by the country’s economic troubles. Even after the extreme shock of devaluation, policy options other than complete disengagement from the east of Suez role were available. One such option appeared at first to be the government’s chosen policy course. Moreover, many leading ministers and prominent officials opposed the path of complete retrenchment eventually selected by the government. As Roy Jenkins’ unfortunate episode in the Foreign Secretary’s House of Commons room illustrates, if a different political mix had emerged within the Cabinet in November 1967, it is highly likely that Britain’s overseas military role would have survived the Wilson government’s second financial crisis and the post-devaluation budget cuts, although perhaps in a truncated form.

Consequently, the standard interpretation of the east of Suez decision requires amendment. It is evident that Cabinet politics and the unforeseen consequences of political maneuvering played a key role in what came to be known as Black Tuesday. To be sure, Britain’s severe financial crises of the late 1960s were critical as well. At the very least, these shocks demonstrated that the government’s extant policy course
was infeasible and, hence, they provided the crucial stimulus for change. Yet, at the end of the day, Britain’s east of Suez role came to an end only after a new winning coalition was formed in Wilson Cabinet in the urgent atmosphere of late 1967 and early 1968.
Notes


4. The observation is Sir Frank Cooper's, a senior official in the Ministry of Defence during the east of Suez decision. See Peter Catterall, "The East of Suez Decision", *Contemporary Record* 7, 1993, p. 619.

5. Other scholars have suggested that political considerations may be as important as economic necessity in explaining this episode. David Greenwood argues that political choice has played a role in all seemingly economically-driven decisions, including the east of Suez decision. In broader treatments of British foreign and defense policy, John Baylis, John Darwin, David Reynolds, and Chris Wrigley also intimate that political considerations were vital in bringing about Black Tuesday. Yet,

8. This was especially the case during the first Wilson government, from 1964-6, which in its last days held a slim parliamentary majority of 3 seats. See Darwin, Britain and Decolonisation, p. 289-91; Patrick Gordon Walker, The Cabinet (London: Fontana, 1972), p. 123.


19. Darby makes a similar point in his excellent history of east of Suez policy, but tends to stress the economic pressures which motivated British decision-makers. See Darby, British Defence Policy East of Suez, p. 322.


26. As Darby makes clear, even in the late 1960s many in the British military felt that the east of Suez role could and should be "remodelled for the longer term, if not in perpetuity". Political supporters of east of Suez surely agreed. See Darby, British Defence Policy East of Suez, p. 327.
hand, maintains that Wilson recovered fairly quickly from the clout he had received from devaluation, emphasizing the Prime Minister's "resilience, his bounce, his india-rubber quality which are a tremendous strength". But in nearly the same breath, Crossman records Wilson's rapidly depreciating influence in Cabinet, noting that "Prime Ministerial government is out for the moment." "Six months ago he would take the voices [in Cabinet] and interpret the voices as he liked," but now, the Lord President emphasized "... the Prime Minister was being hoist in his own petard by having to count the votes each time." See Crossman, Diaries, Vol. 2, pp. 592, 628, 640, 650. In his own account, Wilson consciously refrains from "drawing back the veil" which covers Cabinet deliberations, but he nevertheless admits that he was compelled to count heads in Cabinet during the post-devaluation debates over spending cuts, intimating that such an act was only undertaken because of his considerably weakened power base. And, as one would expect, Wilson does not provide insight on the impact that devaluation had on him personally in his memoirs, but he does acknowledge that it was a "drastic and distasteful step" as well as a "shock to morale, and to Cabinet cohesion". See Wilson, The Labour Government, pp. 458, 473, 480-1.

31. See Morgan, People's Peace, p. 275; Ziegler, Wilson, p. 282.


35. Idem.

36. Beyond Callaghan and Brown: Healey was considered too associated with high defense spending; Barbara Castle, Minister for Transport, was considered too far to the left; Richard Crossman, the Lord President, too erratic; Michael Stewart, now heading the Department of Economic Affairs, too colorless; and Anthony Crosland, President of the Board of Trade, too detached from the party rank and file. See Idem.; Crossman, *Diaries*, Vol. 2, pp. 592, 614.


41. A number of recent studies of foreign policy change have focused on the centrality of individuals or small groups in redirecting policy during particularly fluid moments in history. See in particular Jeff Checkel, "Ideas, Institutions, and the Gorbachev Foreign Policy Revolution", *World Politics* 45, 1993, pp. 242-70;

Also, such entrepreneurs were important in earlier cases of British strategic adjustment. Aaron Friedberg accords much significance to policy entrepreneurs in his study of British decline and adjustment from 1895-1905. He labels such actors "change agents," which he defines as "middle- and upper-level officials whose views begin to deviate from the norm and who are able to receive a wider hearing only at moments of intense crisis." See Aaron L. Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895-1905* (Princeton, N.J.: Princeton University Press, 1988), p. 18.

On Roy Jenkins' unique position in Wilson's post-devaluation
Cabinet, see in particular Campbell, Roy Jenkins, p. 111; Darwin, Britain and Decolonisation, p. 293; Morgan, Harold Wilson, pp. 310-42; Pimlott, Harold Wilson, pp. 466-92; and Ziegler, Wilson, pp. 262-86.

42. Jenkins, A Life in the Center, p. 209.

43. Darby, British Defence Policy East of Suez, p. 323.

44. Jenkins, A Life at the Center, p. 209.


47. Benn, Office Without Power, p. 13.

48. Jenkins, A Life at the Center, p. 214; Reynolds, Britannia Overruled, p. 230. While noting the importance of ministers loyal to the Prime Minister (which he termed "Haroldites") in the post-devaluation cuts, Richard Crossman, in a less than magnanimous mood, exalted in the fact that the "four pygmies . . . who had been running our foreign policy for the last three years"--Stewart, Brown, Callaghan, and Healey--had finally been overridden in Cabinet. See Crossman, Diaries, Vol. 2, p. 635.

49. As the PM himself acknowledged. Wilson, The Labour Government, p. 479.

50. Jenkins, A Life at the Center, p. 213.

51. Crossman, Diaries, Vol. 2, pp. 646-7; Morgan, Harold Wilson, p. 344.


54. Sir Ewen Broadbent, Denis Healey's Principal Private Secretary from 1967 to 1969, claims that devaluation was a real symbol in Defence Minister's mind, and that it began the "switch in his mind towards Europe". Sir Frank Cooper, Deputy Under-Secretary at the MoD at the time, concurs. He claims that Healey's sudden conversion to a pro-Europe stance had much to do with the special relationship with the US, and with the US Defense Secretary in particular: "Part of it was his relationship with McNamara and how they had a sort of two men on the European stage act and the rest are bit-players; he loved that." See Catterall, "The East of Suez Decision", pp. 642, 636.


57. Idem.


Ziegler, Wilson, p. 285.
