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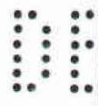

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SENIOR SEMINAR IN FOREIGN POLICY

DIMINISHING BRITISH INTERESTS AND COMMITMENTS EAST OF SUEZ

CASE STUDY

by
Harry C. Cochran

April 13, 1966

This case study does not constitute a statement of department policy.

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This case study examines Britain's present defense and foreign policy posture and future prospects in the area between Suez and Singapore. It identifies the main factors which have shaped recent British decisions to reduce political commitments and defense expenditures in this area and discusses their implications for United States policy.

The collection of materials for this report involved travel by the author in February-March 1966 to London, Aden, New Delhi, Singapore, Kuala Lumpur, Canberra, Sydney, Hong Kong and Tokyo.

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I

Captain Liddell Hart once described the British Empire as "an astonishing achievement--and the biggest bluff in all history." The foundations of this bluff, he said, were undermined in the first quarter of the twentieth century by the emergence of new military and commercial rivals, particularly Germany and Japan. The 1930's exposed the military hollowness of the Empire's defenses and the "big bluff" was shattered irreparably by the Second World War.

Any examination of British interests east of Suez over the next decade, therefore, must proceed from the central fact that for at least half a century the world has been witnessing the decline of British power and influence. This process has had many aspects--the failure of Britain herself to keep pace with her commercial rivals, political decline as the Dominions have grown in numbers and independence, military decline with the reduction of the Royal Navy from supremacy to second rank, and diplomatic decline in the face of vigorous new powers.

After the Second World War, Britain, in Liddell Hart's words, made a "vain attempt to play the role of a great power, fooling only herself while hampering her economic recovery." Most British leaders and publicists in the post-war period clung to the traditional image of Britain as a world power. Their rhetoric emphasized Britain's

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world-wide defense role and her intention to fulfill global commitments. Their emotional ties have continued to be with the "special relationship" with the United States and with the Commonwealth.

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II.

This traditional orientation, however, has come under growing pressure in the past decade, particularly since the Suez fiasco in 1956. This abortive operation marked the end of any real British capacity for major independent military action. Suez was Britain's moment of truth when the realities of her post-war weakness were brought home in a most brutal and humiliating fashion. This painful experience led to a reorientation in defense planning reflected in the 1957 Defense White Paper which initiated a process of retrenchment in British policy. Conscription was abolished and a trend toward reliance on what is now called "interdependence" appeared. The 1957 White Paper noted that defense expenditures had absorbed an average of ten per cent of the Gross National Product in the previous five years; it asserted that defense estimates were to be scaled down and argued that Britain had hitherto borne a disproportionate share of the common burden.

The present Labor Government, upon taking office in October 1964, committed itself to carry forward this policy of retrenchment by undertaking a far-reaching examination of the nation's political commitments and defense requirements in the next decade. In December 1964, Prime Minister Wilson told the House of Commons that "the plain fact is that we have been trying to do too much in the defense field.

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The result has been gravely to weaken our economic strength and independence without producing viable defenses." He warned that there was a built-in, unavoidable rate of increase which, in the absence of changes in policy, would mean a crippling increase in the call on money and resources.

As far back as 1960, Labor Party leaders had stressed the need to reduce defense spending in order to divert resources to the urgent task of modernizing the economy. They were especially concerned by the demands imposed by military research and development on civilian manpower and technical resources. According to the Prime Minister, defense uses one-fifth of all qualified scientists and technologists who are engaged in research and development and defense accounts for about forty per cent of all research and development expenditures. He stressed the need to redeploy more of these resources into the civilian field, particularly into export industries.

The overriding priority which the Labor Government assigned to dealing with the stagnation of the British economy is evident in the order of the two objectives established in the Defense Review which was published last February: to relax the strain imposed on the economy by the defense program inherited from the Conservative Government and to shape a new defense posture for the 1970's. This White Paper emphasized that military strength is of little value if it is achieved at the expense of economic health and it warned that the defense plans of the previous government would have imposed an excessive burden both in resources and in foreign exchange.

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The most urgent problem facing the Labor Government was to cope with this balance of payments problem. Every period of post-war economic expansion had been interrupted by a crisis in balance of payments which held the economy to one of the lowest rates of growth among developed countries. These periodic crises weakened the competitive position of British exports on world markets and created a vicious circle from which Britain has been unable to escape. A critical element in the balance of payments situation has been the slow growth in the rate of British exports, which averaged 4.8 per cent in 1954-1964 compared with 10.6 per cent in EEC countries.

Of total British military costs in 1964, 28 per cent was absorbed by overseas deployments and operations. In the record-breaking balance of payments deficit of two billion dollars in 1964, the foreign exchange costs of military programs were $840 million. The burden of British commitments east of Suez was more than a billion dollars annually. It is estimated that direct military expenditures east of Suez constituted a drain on the balance of payments amounting to about $200 million. Additional costs of military and economic aid in the area brought the net drain in balance of payments to approximately $350 million.

These figures afford a rough measure of the growing pressures to bring economic resources and present and future military commitments into a more realistic balance. The principal justification set forth in the Defense Review for the decision to bring defense expenditures down to a "stable level" of about six per cent of GNP by 1969-70 is

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to improve Britain's ability to compete successfully with other exporting countries. A defense target of $5.6 billion at 1964 prices has been set for 1969-70--a reduction of 16 per cent in the defense budget of $6.72 billion for that year projected by the previous government.

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III.

In judging the implications of these decisions for future British policy and action east of Suez, two statements throw considerable light on the Labor Government's mood and basic assumptions. In a reference to further reductions that will be required to meet the 1969-70 defense target, the Defense Review stated that "we set out not only to decide which political commitments we must give up or share with others, but also to limit the scale of military tasks which may be imposed by the commitments which remain." In the foreign affairs debate in the House of Commons last December, Prime Minister Wilson declared that, "all over the world Britain's defense policy must be constructed on the basis of interdependence and collective security, and not on unilateral, costly 'go it alone' policies." He reaffirmed Britain's intention to maintain a world-wide defense role but with the important proviso that this could be done "only on the basis of interdependence with our allies and by burden-sharing in terms of commitments and cost."

The sharp limitations on future commitments and military operations implied by these formulations are further reflected in the exceedingly cautious and ambiguous definitions of foreign and defense policies contained in the Defense Review. The statement that "the first purpose of our armed forces will be to defend the freedom of the British people" and that the "security of these islands" depends on preventing war in Europe seems to imply a judgment that a threat

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to Britain's vital interests requiring the commitment of major forces could arise only in Europe. Indeed, the Defense Review observes that a "direct threat to our survival seems less likely outside Europe."

A strong reluctance to contemplate military action in the defense of British interests "outside Europe" is evident in the formula that "military force is not the most suitable means" of protecting important economic interests in the Middle East, Asia, and elsewhere. These economic interests, according to the White Paper, "would not alone justify heavy British defense expenditure." Although the Defense Review acknowledges that in some parts of the world the visible presence of small British forces by itself is a deterrent to local conflict and instability, the main justification for a British military presence outside Europe is attributed to a general interest shared with other countries in "seeing peace maintained, so far as possible, throughout the world." In view of its obscurity and obvious lack of conviction, this formula can only be characterized as a tactful way of disguising a continued process of post-imperial disengagement from binding military commitments outside Europe.

A more candid expression of intent is conveyed in a subsequent passage stating that "to maintain all our current military tasks and capabilities outside Europe would impose an unacceptable strain on our overstretched forces, and bear too heavily both on our domestic economy and on our reserves of foreign exchange." The Labor Government's desire to hedge and qualify all remaining commitments virtually out of existence is apparent in three "general limitations" on British

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forces outside Europe: "(1) Britain will not undertake major operations of war except in cooperation with allies. (2) We will not accept an obligation to provide another country with military assistance unless it is prepared to provide us with the facilities we need to make such assistance effective in time. /A masterpiece of inscrutability./ (3) There will be no attempt to maintain defense facilities in an independent country against its wishes."

These "limitations" governing the use of British forces outside Europe lend considerable cogency to former Navy Minister Mayhew's assessment in his resignation statement: "Unless we were to take unacceptable risks, the White Paper policy would mean virtually taking no action at all on our own initiative even if appealed to do so by those we are supposed to be supporting."

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IV.

Britain's role in the Middle East provides an outstanding example of the dilemma inherent in trying to reconcile commitments that are a legacy from the imperial past with contemporary political and military realities. There has long been an underlying assumption in British thinking that the United Kingdom has a special responsibility for the defense of the Persian Gulf and the Indian Ocean. Britain's commitments in the Gulf were established in the last century at a time when the primary objective of protecting the route to India and the East could be achieved by naval power alone.

The Defense Review signals a substantial change in traditional policy based on the assumption that Persian Gulf oil must be protected at all costs, if necessary by force. The 1962 Defense White Paper, for example, stated that the United Kingdom is and will remain responsible for guaranteeing peace and stability in the oil-producing states of the Arabian Peninsula by means of military assistance to those states in the area to which the UK is bound by treaty, or which are under British protection. The 1966 Defense Review, however, reflects a growing school of thought which holds that it may neither be necessary nor possible to protect British interests in the Arab world by maintaining forces based in or dependent upon facilities in the territories of Middle East states. One of the most prominent advocates of this view, Conservative shadow Defense Minister Enoch

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Powell, contends that it is not feasible in the modern world to protect trade and commercial interests by military means.

In contrast to the relatively forthright position in the 1962 White Paper, the Defense Review makes only a perfunctory gesture to traditional policy by stating that the UK will continue to honor its commitments to allies in the Middle East and Far East and to "play our part in defending the interests of the Free World."

The decision to withdraw British forces from Aden when the South Arabian Federation becomes independent "by 1968" reflects both the general policy of military retrenchment and the new approach to Middle East policy. The evacuation of the vast Aden base will have a far-reaching impact not only on Britain's role in the Middle East but also in East Africa and from Suez to Singapore. It has the largest and busiest Royal Air Force station in the world and, after Singapore, the largest British base complex outside the United Kingdom itself. The forces that intervened in East Africa in 1964 were deployed from Aden. British planning for the defense support of the Indian subcontinent in the past has been anchored to Aden rather than Singapore. In view of the restrictions placed by the Malaysian Government on the deployment of British forces in Malaysia outside that country, the forces based in Aden are the only freely deployable units between Suez and Singapore.

Britain intends to add one battalion of ground troops and one fighter squadron to the forces stationed at Bahrain, but this modest increase will not offset the loss of the Aden base. Although the

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British may seek to maintain air staging rights through Aden after 1968, they are not sanguine about the possibility of such an arrangement. Some British officials profess to believe that the loss of Aden base can be compensated for by greater reliance on the Indian Ocean islands of Aldabra, Diego Garcia, and Gan. But this alternative is not very convincing in view of the location and inherent limitations of these islands.

The evacuation of Aden is only the first step in a process designed to reduce British military commitments in the Middle East to an absolute minimum. This intention is made clear by the Defense Review's forecast that after withdrawing from Aden, "we shall disengage ourselves until we have reached the hard core of our obligations to the States in the Persian Gulf."

The South Arabian Federation is a precarious contrivance with little chance of survival after the British depart. There is no political cohesion among the member states of the Federation. The majority of Adenis oppose merger with the backward, illiterate South Arabian sheikhdoms. The Arab labor force in Aden at any time could close the military base, oil refinery and the port. The existing terrorism in Aden could easily deteriorate into another Cyprus. The loyalty and cohesion of the British-supported Federal army is highly questionable and there appears to be a strong possibility that this force will break down along tribal lines after independence. Another consequence of the British withdrawal will almost certainly be a

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serious economic disruption and recession. Revenues from British military installations represent 20 to 25 per cent of the Federation's GNP.

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The prospect after 1968, then, is for a period of chaos and violence with a resulting power vacuum inviting intervention by outside powers. The Labor Government has hinted strongly that it will not be disposed to carry out a pledge by the previous Conservative Government to conclude a defense agreement with an independent South Arabian Federation.

The future course of the civil war in Yemen may well have a decisive bearing on how this prospective power vacuum will be filled. Both sides in the Yemeni war aspire to take over South Arabia and both refer to the area as "occupied South Yemen." Some British officials feel that if Egypt can be induced to withdraw its forces from Yemen before the end of 1968, the problem of blocking Egyptian hegemony in Aden and South Arabia would be manageable.

Long-term British prospects in Bahrain are hardly more favorable than in South Arabia. Rising nationalist agitation, rioting, strikes and dissatisfaction among an urban proletariat may foreshadow the emergence of an Aden-type situation in which British forces are tied down to local defense. The withdrawal from Aden is likely to have an adverse effect on the stability of the small Persian Gulf states and protectorates because Arab nationalists will view these feudal states as the last bastions of colonialism. Britain probably will try the "federation" approach again with the Gulf states, but with

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little more promise of success here than in South Arabia, Malaysia and the West Indies.

While the modest British forces in the Persian Gulf will have the capacity to conduct small, short-term local operations, the question remains whether the value of a visible military presence is not more than offset by the target they provide for Arab nationalist agitation. British spokesmen tend to defend a military presence in this area not as a protection of access to oil but as a contribution to political stability in the Gulf states. In any event, aside from Kuwait, Britain has treaty rights to intervene in only three oil-producing states: Bahrain, Qatar and Abu Dhabi, which produce only six per cent of Gulf zone oil among them. British intervention is either highly unlikely or inconceivable in Iran, Iraq, Saudi Arabia and Kuwait which produce about 93 per cent of Gulf zone oil.

Despite the prospect for a further decline in British military presence and influence in the Middle East, the remaining colonial relationships with the Gulf states make it virtually impossible for Britain to arrive at a satisfactory accommodation with the forces of Arab nationalism. The United States, therefore, will be faced indefinitely with the problem of avoiding the embarrassment of taking sides between Britain and the feudal rulers in the Arabian Peninsula on the one hand, and the forces of Arab nationalism on the other.

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V

British skepticism about the possibility of maintaining a military presence in Singapore and Malaysia indefinitely and their ambivalent attitude with regard to the relevance of military force in containing Communist expansionism on the Asian mainland were reflected in the Defense Review. The key factor in the Labor Government's approach is that success or failure in achieving the defense target for 1969-70 probably will turn primarily on whether they are able to carry out projected reductions in the large forces (some 56,000) stationed in Malaysia and Singapore. According to former Navy Minister Mayhew's testimony, the ending of confrontation with Indonesia "is the essential assumption behind the Government's whole defense planning."

The White Paper declared that "we believe it is right that Britain should continue to maintain a military presence in this area" but it pointedly added that Britain will retain its military facilities in Malaysia and Singapore "for as long as the Governments of Malaysia and Singapore agree that we should do so on acceptable conditions." London's skepticism was evident in the reference to discussions with Australia regarding the possibility of British use of military facilities in that country "against the day when it may no longer be possible" to use facilities in Malaysia and Singapore freely.

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This formulation undoubtedly was strongly influenced by British frustration with both Malaysian and Singapore leaders who seem more preoccupied in pursuing their mutual rivalry than with defense against Indonesia. Although the "separation" of Singapore from the Malaysian Federation last August did not affect British base rights in Singapore, this break, which appears irreparable, has increased the dangers of an outbreak of major communal violence between Malays and Chinese which could make the British bases in both states untenable.

In contrast to Britain's heavy economic dependence on Persian Gulf oil, the British have no compelling economic motivation for maintaining a costly military presence in Southeast Asia. The area receives only a small portion of total British government aid and private investment in underdeveloped countries. British trade with Southeast Asia amounts to only three to four per cent of her total foreign trade. Over the past decade, moreover, Britain has failed to keep pace with her competitors in trade with the area.

Although Britain's contribution to the defense of Southeast Asia must be judged a wasting asset, this does not mean that she can no longer play a highly important political and economic role in the area. Because of Britain's willingness to accept changes in old colonial relationships, her prestige has remained relatively high in the area, making possible a useful and active diplomatic role. Britain, for example, has good relations with Singapore's Prime Minister Lee Kuan Yew, while United States relations with him are less than satisfactory. Britain, moreover, has economic, commercial

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and cultural assets in Malaysia and Singapore which the US is in no position to replace.

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In view of the strategic location of Singapore and Malaysia and their political importance in influencing the future orientation of Indonesia and other Southeast Asian countries, there is no really satisfactory substitute for a continued British presence in these countries. There may be some advantage in supporting the British proposal for quadripartite security arrangements in Australia and on islands in the Indian Ocean as a political device to insure at least a token British military presence in the area and as a "fall-back position" in the event that bases in Malaysia and Singapore become untenable. It is doubtful, however, that such arrangements would represent any significant strengthening of the over-all Western defense posture in East Asia in the prevailing circumstances. Such arrangements, moreover, carry a risk of being stigmatized as a "white man's club," thus complicating an already difficult problem of achieving an understanding with Asian powers such as India and Japan on means to counterbalance China's growing power and influence.

The British contemplate no major reduction of forces stationed in Hong Kong. The lease on the New Territories does not expire until 1997, but the British do not seem to believe that the colony will continue to exist in its present form that long. Hong Kong's economic value for Britain is declining and it is inconceivable that the United Kingdom would be prepared to accept any serious risks to perpetuate the status quo in the face of strong Chinese Communist pressure.

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VI

The foregoing discussion points to a gradual British disengagement from remaining defense commitments and deployments east of Suez in the next decade. Persistent economic and financial strains will exert continuing pressure for further reductions in defense spending and commitments. The pace and extent of this disengagement process will be determined not only by over-all British defense planning and foreign policy but by developments in the area beyond British control. The outlook charted in the Defense Review, however, suggests that the United States will not be faced with an abrupt abandonment of British commitments in the foreseeable future along the lines of Britain's sudden decision in 1947 to relinquish its role in Greece.

The Labor Government has taken a longer step than any of its predecessors toward defining the nation's future role in the world and identifying those genuine interests to which limited resources should be devoted. Britain for some time will remain in a transitional stage of adjusting political assumptions and defense commitments rooted in a quite different era to the realities of the second half of the twentieth century. In these circumstances, it would be asking too much of Britain's leaders and people to expect them to take fundamental decisions which would fix the direction of national policy for the long term future and delineate in clear-cut terms the United Kingdom's role in the world.

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The policies projected by the present Labor Government suggest that they foresee no alternative now to maintaining Britain's "special relationship" with the United States. There are compelling economic reasons for this course, given Britain's heavy dependence on American financial support in its recurrent balance of payments crises. British leaders are fully aware that to preserve the "special relationship" they must maintain at least token world-wide responsibilities and commitments. They also appear to believe that a continuing presence east of Suez will afford them valuable leverage for influencing American policy. Finally, the British are vitally interested in protecting their claim to what Prime Minister Wilson often refers to as their seat at the "top tables" in world affairs. In December 1964, he stated that "we cannot afford to relinquish our world role--our role which is sometimes called our 'east of Suez' role." He said, "our rights (in world affairs) depend on this world-wide role."

While recognizing that Britain can no longer carry major world-wide defense responsibilities and that it should no longer be regarded in American planning as a major military partner in the global contest with the Communist powers, United States policy should concentrate on ways to capitalize on the very substantial remaining British political and economic assets and influence east of Suez and on the extensive experience, connections, and knowledge of British officials and businessmen. These assets and skills, which are virtually irreplacable, could make a vital contribution to the Western task of

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working toward a new and more productive pattern of relationships with Asian governments in the next decade and in overcoming the legacies of the post-war era of anti-Western nationalism and resentment which, hopefully, may now be coming to an end.

There is one area, however, in which American policy should exercise a prudent caution. In considering proposals for joint Anglo-American ventures involving close military collaboration, such as London's concept of a quadripartite security arrangement, American policy makers should bear in mind the limitations on prospects for reaching meaningful agreement with Britain on political and strategic objectives to be served by such ventures. Christopher Mayhew reflected a substantial body of British official and public opinion when he warned in his resignation statement that "the degree of military dependence involved in the Government's new plans would present serious problems even if there were solid political agreement with the Americans on basic issues in the Far East....We do not agree with United States policy on Communist China. We do not support the Formosan Government. We have different emphasis and interpretation of the problem of containing the Communists there."

Britain's future role east of Suez, in the final analysis, will be determined by its relationship to Europe. Many observers believe that economic pressures will inevitably move the United Kingdom toward entering the Common Market. The British have been unable to develop a better solution for overcoming the basic rigidities in the nation's economy.

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British entry into the Common Market almost certainly would reduce their incentive to remain east of Suez. It would tend to loosen still further Britain's ties with the Commonwealth and diminish the economic motivation for maintaining the "special relationship" with the United States.

Perhaps the most significant reason underlying the evident ambiguities and lack of conviction in British policy east of Suez is the indifference of the British public to a global role. An officer of the US Embassy in London remarked that the British people have had their fill of heroics; for them, there has been no great international event since Dunkirk.

D. W. Brogan recently characterized Britain as "an increasingly inward-looking country." He finds a "general discontent with the national state, a decline of faith in the English way of life, a feeling that great and fundamental decisions have to be made, and made soon, even if nobody is quite sure what those decisions should be."

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