

When Democracies Retrench:

A case study of Britain's withdrawal from East of Suez

An Honors Thesis for the Departments of International Relations

BY

Yicheng Zhang

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Thesis Committee

Professor Michael Beckley

Professor Jeffrey Taliaferro

Abstract

A country is conducting a policy of retrenchment when it withdraws from its strategic commitments - its sustained efforts in achieving certain foreign policy objectives, often in the form of military presence or support for allies. Retrenchment often marks a dramatic turning point in a country's foreign policy. The country gives up long-held strategic interests that only until recently have been deemed vital. However, study for such a vital state behavior is still lacking.

This thesis hopes to contribute to the academic comprehension of retrenchment by focusing on retrenchment conducted by democratic states. Through an in-depth case study of Britain's Cold War disengagement from East of Suez, it tries to understand what motivates a democratic state like Britain to undertake such policy. After analyzing policy debate and elite decision-making during that period, it argues that the presence of major policy failure, domestic institutional setups, and the presence of alternative policies are the most relevant factors that can explain a democratic retrenchment.

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Table of Contents

Chapter 1: Introduction and Research Question	4
Research Questions	5
Implications of My Research	6
Chapter 2: Literature Review	7
Theories of Retrenchment	7
Britain's East of Suez	13
Chapter 3: Methodology and Hypotheses	17
Operational Definitions	17
Methodology and Case Selection	18
Dependent Variable	19
Independent Variables	20
Chapter 4: Britain's withdrawal from the East of Suez	27
What is Britain's East of Suez Commitments?	27
The Revaluation of East of Suez	33
The Withdrawal from East of Suez	40
Chapter 5: Explanations for Democratic Retrenchment	53
Testing the Hypotheses	53
Findings and Conclusion	66
Chapter 6: Conclusion	67
Summary of My Study and Findings	67
Policy Implications	69
Bibliography	72

Chapter 1

Introduction and Research Question

By the 1960s, the British Empire had long passed its heyday. The economy had been afflicted by chronic economic crises and rising Third World nationalism had forced Britain to give up most of its colonies. Nevertheless, the country held up to one last vestige of its former glory: its so-called special role in 'East of Suez'. Politicians and diplomats continued to use the term to refer to the country's strategic commitments in Southeast Asia and the Middle East; these commitments were manifested through a collection of military bases, permanent military deployments, and defense treaties in those regions. Successive post-war Britain governments clasp on to this overseas military presence. East of Suez was a statement that the UK was still a great power with global military reach; it bolstered Britain's standing in the United States and gave White Hall officials a pretension that Britain was still superior to the continental European powers.

But these military commitments in Asia were not cheap. As the country's already dire finance worsened, Britain's special role became increasingly untenable. Beleaguered by continuing economic difficulties, Labor Prime Minister Harold Wilson repeatedly slashed overseas military expenditures between 1965 and 1967 and planned for an eventual withdrawal of British forces from Asia.¹ Following the devaluation of the Pound Sterling in November 1967 (the first in almost 18 years), the dire economic situation forced Wilson to expedite his withdrawal plan.² The Prime Minister announced in January the next year that the UK would end its East of Suez special role and withdraw from its remaining Asian military bases before 1971.

¹ P. L. Pham, *Ending 'East of Suez': The British Decision to Withdraw from Malaysia and Singapore, 1964-1968* (Oxford: Oxford University Press, 2010), 15–194.

² *Ibid.*, 201 – 236.

Paul MacDonald and Joseph Parent define retrenchment as ‘a policy of retracting strategic commitments in response to a decline in relative power.’³ Based on this definition, Britain’s abandonment of its East of Suez special role was a typical example of strategic retrenchment. Retrenchment often marks a dramatic turn in a country’s foreign policy. The country gives up long-held strategic interests that until recently have been deemed vital: maintaining an extra-European military presence had been the default thinking for British foreign policy-makers for almost two centuries. But studies for such an important foreign policy behavior are still lacking today. Existing literature mostly addresses strategic retrenchment either on a historical case-to-case basis or for the debate of current events (particularly on US foreign policy). Very few research has tried to answer the question: why do states pursue retrenchment in general? It is thus the aim of this research to fill in this knowledge gap and contribute to our understanding of retrenchment policy.

Research Questions

I intend to use this research to develop a generalized explanation for retrenchment conducted by democracies. For that purpose, this thesis is guided by the following research questions: Why does a democratic state retrench from its strategic commitments? More specifically, I am trying to answer: What variables motivate a democratic state to retrench from its strategic commitments? What inhibits it? In other words, I am trying to find out all the plausible factors that are at work behind a retrenchment; this will allow me to construct of a theory of how a democracy disengages from its commitments.

³ Paul MacDonald and Joseph M. Parent, “Graceful Decline? The Surprising Success of Great Power Retrenchment.” *Quarterly Journal: International Security*, vol. 35. no. 4. (Spring 2011): 11.

To answer these questions, I will conduct a historical case study of Britain's Cold War withdrawal from its East of Suez commitments. I will talk more about why I have selected this case later in my methodology section (Chapter 3).

The scope of this research is limited to retrenchment conducted by democratic states. It is not my objective to develop a generalized explanation of retrenchment that can be applied to all regime types – a proper study of such would exceed the confine of a senior thesis. Nevertheless, I believe that my study will fill in the niche and contribute to the theorization of strategic retrenchment as a common state behavior. It should also be noted that my study does not imply that the making of foreign policy in democracies is fundamentally different from that in non-democracies. More often than not, foreign policies in the two regime types are driven by similar motivations. I intend to find out how and why democracies retrench; that doesn't necessarily mean that all my findings will be unique to democracies and can only be applied to them.

Implications of my research

My research will contribute to the generalization of strategic retrenchment as a state behavior. Most of the existing researches on retrenchment are either historical studies that address the subject on a case-specific basis or policy studies that analyze the consequences of retrenchment in the context of US foreign policy. Few attempts to theorize the concept of retrenchment as a whole or explain why do states retrench in general. Although I have limited my research subject to democratic states, I believe that my study will fill in the knowledge gap and help to bring about a generalized explanation of strategic retrenchment.

Moreover, I believe that this thesis can also contribute to the debate of Britain's future foreign policy. The 2016 Brexit referendum reopened the debate over the UK's role in the world. For some Brexiteers, leaving the European Union means that the UK would become a

more independent and active geopolitical player, particularly in the Asia - just like it did before the 1968 retrenchment. In a 2016 visit to Bahrain, the then Foreign Secretary Boris Johnson announced that ‘Britain is back East of Suez.’⁴ Since then, the Conservative government led by Johnson has stepped up military engagement in the Middle East and Southeast Asia. The 2021 Integrated Review, a major foreign and defense policy document, envisions Britain to play a greater diplomatic role in the Indo-Pacific and calls for year-round military presence in the region.⁵ However, some analysts criticize the plan as being over-ambitious and even unrealistic. They allege that Johnson fails to learn the lesson from Wilson’s 1968 retrenchment and risks overstressing limited British resources.⁶ Understanding the complex forces at work behind retrenchment and learning from the past provide a unique perspective on this subject and allow us to assess the future courses of British foreign policy.

Chapter 2

Literature Review

⁴ Boris Johnson, “Britain is back East of Suez,” (keynote speech, IISS Manama Dialogue, Manama, Bahrain, 9 December 2016), <https://www.youtube.com/watch?v=UTXoDXpSkPM>.

⁵ UK Cabinet Office, *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development, and Foreign Policy*, March 16, 2021, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global Britain in a Competitive Age-the Integrated Review of Security Defence Development and Foreign Policy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age-the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf).

⁶ William James, “There and Back Again: The Fall and Rise of Britain’s ‘East of Suez’ Basing Strategy,” War on the Rocks, Feb. 18, 2021, <https://warontherocks.com/2021/02/there-and-back-again-the-fall-and-rise-of-britains-east-of-suez-basing-strategy/>.

In this section, I will first look over theoretical literatures that might allow me to construct a generalized explanation of democratic retrenchment. Then I will review works that are related to the history of Britain's military commitments in East of Suez. Finally, I will describe what my research can contribute to the study of strategic retrenchment and how it can address weaknesses in the existing scholarship.

Theories of Retrenchment

Strategic Retrenchment often represents a fundamental shift in a country's foreign policy, yet academic study for such an important policy is still inadequate. Much of the existing researches focus on the consequences of retrenchment. International relations scholars debate over retrenchment's merits: whether it is a rational move to prevent overextension or an invitation for aggression from opponent states. Often, this debate extends into current events, particularly on US foreign policy: foreign policy experts fiercely argue for or against an American retrenchment. Some studies try to find out the motivations behind retrenchment. Yet they mostly address retrenchment on a case-specific basis. These studies are often historical in nature - many studies have been dedicated to individual cases of retrenchment such as America's disengagement from Vietnam - and focus on case-specific factors. Few have attempted to offer a generalized theory of why countries retrench; even fewer on why democratic states retrench.

The lack of literature that specifically addresses my research question poses a challenge to this paper. However, I can overcome this difficulty by analyzing literature on subjects similar or related to retrenchment; studying these 'substitutes' will provide me a basis to construct a generalized explanation to democratic retrenchment. One such substitute is the decline of great power – a process that often historically accompanied retrenchment. The other is decolonization. Decolonization – the withdrawal from colonial territories that

often hold significant strategic values - is in fact a form of retrenchment. Knowing the driving forces behind great power decline and decolonization will help me to find out what motivates democratic retrenchment.

In 1987, the British historian Paul Kennedy offered a simple but hugely influential theory of great power decline. He argues that the rise and fall of a great power are fundamentally determined by its ability to balance economic strength with military power. Every great power in history had to face the trade-off between ‘guns or butter.’ Empires failed because of military overextension and economic failure: prolonged fighting overstretched military resources, drained state treasuries, and led to less efficient utilization of productive resources; in turn, a weakened economy made it harder to bear military burdens. New powers who managed their economies more efficiently were able to catch up. Facing new threats, however, empires often instinctively chose to double down their military investment and accelerated the spiral of economic decline.⁷ Kennedy then proceeded to predict the fall of the Soviet Union and the relative decline of America – causing quite a stir among American policymakers at the time.⁸ Regardless of its controversial prediction, Kennedy’s theory draws a clear correlation between great power decline and economic failure which I can apply in my research: military overextension overburdens the economy, eventually forcing the great power to adopt retrenchment.

While Kennedy claims that economic vitality explains the rise and fall of great powers, other scholars propose that such a process is better explained by their domestic politics. These scholars reject the idea that states are rational actors who make foreign policy decisions, such as expansion or retrenchment, according to their strategic interests. If that is the case, great powers would not have made mistakes such as overexpansion and

⁷ Paul M. Kennedy, *The Rise and Fall of the Great Powers: Economic change and military conflict from 1500 to 2000* (New York: Random House, 1987), 536 – 540.

⁸ *Ibid.*, 438 – 535.

retrenchment would not have met so much resistance. These scholars believe that domestic political factors play a bigger role than international ones in policy-makers' calculation.

Jack Snyder is among those who hold such a view. He explains that overexpansion occurs when various narrow interest groups – businesses, settlers, the military - who benefit from overseas expansion form a powerful coalition to hijack the policy-making process. The coalition captures state institutions and dominates the media, which allows it to create a popular justification for expansion consumed by the public (Snyder calls this the 'myth of empire').⁹ Snyder concludes that the degree to which this process is successful is determined by how cartelized the state is. Overexpansion is most likely to afflict late industrialized states (such as Wilhelmine Germany or modern Japan) where power is highly cartelized among small groups of elites.¹⁰ By contrast, overexpansion is less likely to happen in liberal democracies. Democratic decision-making, open policy debate, and wider distribution of power all make it more difficult for the coalition to capture the policy-making making process. Democracies are also able to quickly react to overexpansion: high costs and major failures (such as military defeat) turn the public against overseas ventures, forcing national leaders to react to the change in public opinion.¹¹ Thus, an over-expanded state is more likely to retrench when it has open public debate, a democratic political system, and diffused power distribution.

In his study of decolonization, Hendrik Spruyt offers a different explanation that focuses on domestic institutional configuration. A state with a fragmented political system is more likely to maintain the status quo and resist major policy changes such as

⁹ Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca: Cornell University Press, 2013), 1 – 20.

¹⁰ *Ibid.*, 66 – 152.

¹¹ *Ibid.*, 305 – 322.

decolonization.¹² Spruyt uses the concept of ‘veto points’ to measure the fragmentation of the decision-making process. A veto point is an actor whose agreement is necessary for a policy change; it can be the legislature in a presidential system or a coalition partner in a multi-party parliamentary one.¹³ The US presidential system has more veto actors (the two houses of Congress) than the British Westminster system (since the executive is also the head of the majority party). And a bi-partisan system has fewer veto actors than a multi-party one whose government often relies on the support of coalition partners. As veto actors increase, more consents are needed for the policy change and the preferences of the veto actors are more likely to diverge – making it easier to stall the retrenchment.¹⁴

Spruyt argues that a bi-party system is the most likely to accept decolonization once it becomes the consensus. Politicians in this system have particular interests in catering to the median voters and the majority’s view. By comparison, politicians in a multiparty system can survive solely by catering to niche constituencies with narrow interests (such as those who support imperialism). Minor parties participating in a ruling coalition can also easily thwart major policy changes (decolonization) by threatening to leave the coalition.¹⁵ Spruyt reasons that this is why decolonization met much more domestic resistance in the Netherlands and France (both have a multiparty system with many veto points) but was much smoother in the UK (which has a bi-partisan one).¹⁶ Spruyt’s findings on institutions are particularly useful to my research; using his framework, I will study how the different institutional configurations of Britain and American affected their retrenchment.

¹² Hendrik Spruyt, *Ending Empire: Contested Sovereignty and Territorial Partition* (Ithaca: Cornell University Press, 2018), 11 – 15.

¹³ *Ibid.*, 31 – 32.

¹⁴ *Ibid.*, 25 – 26.

¹⁵ *Ibid.*, 28 – 31.

¹⁶ *Ibid.*, 88 – 175.

And finally, Kelly A. McHugh's doctoral dissertation on the politics of retrenchment provides precious insights into my subjects. Like Snyder and Spruyt, McHugh also believes that major foreign policy changes such as retrenchment can be best explained by domestic political factors. She first tests three common domestic explanations of retrenchment: rising cost theory (state retrenches as the cost of commitments rises), institutional theory (domestic institutional setups, such as the number of veto actors, decide when the state retrenches), and ideational theory (the public supports the commitment until major policy failures undermine its justifications). For that purpose, she selects three historical examples: Britain's departure from East of Suez, the decolonization of French Algeria, and America's disengagement from the Vietnam War. She finds that all three theories unsatisfactory: rising cost theory contradicts with the fact that the pressure for retrenchment does not always correlate with the commitment's cost; institutional theory has little predictive power; and ideational hypothesis does not explain why, for instance, the US was able to stay in Vietnam for another 6 years despite the highly public failure during the 1968 Tet Offensive.¹⁷

McHugh then proceeds to present her own theory - the so-called framing theory. She argues that leaders do not just slavishly follow public opinions; rather, they have the power to shape public opinions on their own initiative. Leaders can reframe policy debate and persuade the public to support or conversely turn against the commitments: Nixon's prolongation of the war through his 'peace with honor' narrative being the prime example of this.¹⁸ However, this process only works when the leader is popular, offers a coherent and convincing justification, and is not countered by credible and significant opposition (what McHugh termed 'counter-frame').¹⁹ McHugh's study offers unique insights into

¹⁷ Kelly A. McHugh, "The Politics of Strategic Retrenchment: France in Algeria, Britain in the East of Suez, and the United States in Vietnam" (Ph.D. diss., University of Delaware), 76 – 328.

¹⁸ *Ibid.*, 329 – 410.

¹⁹ *Ibid.*, 413 – 422.

retrenchment and her thorough review of the other competing theories allows me to critically appraise the domestic explanation of retrenchment.

Britain's East of Suez

In January 1968, British Prime Minister Harold Wilson announced that the UK would end its East of Suez strategic role and withdraw from its remaining Asian military bases before 1971. The traditional interpretation of Wilson's decision contents that Britain was abruptly forced to withdraw from East of Suez by economic and political circumstances. According to this interpretation, Wilson, like his predecessors, supported the existing East of Suez policy; however, a series of crises in 1967 – particularly the Sterling devaluation in November - made the policy economically and politically untenable and forced him to approve the withdrawal.

Typical of this interpretation is Jeffrey Pickering. According to him, the decision to withdraw from East of Suez was an abrupt shift in British policy-making; it was the immediate result of the Sterling devaluation in November 1967 and the appointment of Roy Jenkins as Chancellor of Exchequer in the same month.²⁰ The former forced the Government to adopt austerity measures which included aggressive defense cuts – making it financially impossible to fulfill Britain's East of Suez defense commitments. And the appointment of Roy Jenkins, who was a committed Europhile and had long advocated against the UK's East of Suez role, overturned the Cabinet's foreign policy consensus in favor of those who called for a pull-out.

Opposing this narrative is a newer school of interpretation spearheaded by Saki Dockrill. While the traditional account emphasizes the short-term causes, Dockrill argues that

²⁰ Jeffrey Pickering, *Britain's Withdrawal from East of Suez: The Politics of Retrenchment* (Basingstoke: Macmillan, 1998), 150 – 176.

the East of Suez decision should be seen within the context of a gradual transformation of ministerial attitude spanned across almost two decades. Revaluation of Britain's extra-European defense commitments first started in the 1950s and took on speed after the Suez Crisis.²¹ British foreign policymakers eventually reached the conclusion that they were living beyond their means and did not have a real role play in East of Suez.²² The sterling devaluation and the cabinet reshuffle did not cause the withdrawal; they merely accelerated the process.²³ The withdrawal did not happen earlier not because it wasn't considered earlier; rather it reflected how hard the decision was for British policymakers.²⁴

Britain's "East of Suez" military commitments were manifested through a web of military bases concentrated around two regions – the Arabian Peninsula (Gulf states and Aden) and Malaya (Malaysia and Singapore). Many works have been dedicated to Britain's retrenchment from the two respective regions. Taylor Fain details the decline of Britain's position in the Middle East through the lenses of the Anglo-American relationship. The UK intervened in the region to protect its informal influence and economic interests in the region, a position that frequently brought it into conflict with the US.²⁵ Fain argues that policymakers in London gradually realized that the value of Britain's military presence in the Gulf was diminishing: market forces alone were sufficient to maintain the flow of oil and rising Arab nationalism often entangled the UK into unneeded conflicts. Ultimately, the Sterling crisis in 1967 precipitated the end of Britain's military presence in the region.²⁶

²¹ Saki Dockrill, *Britain's Retreat from East of Suez: The Choice between Europe and the World?* (New York: Palgrave Macmillan, 2002), 8 – 42.

²² *Ibid.*, 122 – 198.

²³ *Ibid.*, 199 – 208.

²⁴ *Ibid.*, 209 – 226.

²⁵ W. Taylor Fain, *American Ascendance and British Retreat in the Persian Gulf Region* (New York: Palgrave Macmillan, 2008), 45 – 110.

²⁶ *Ibid.*, 111 – 208.

As for Southeast Asia, P L Pham offers an authoritative study of the UK's withdrawal from Singapore and Malaysia. Using declassified ministerial documents and cabinet papers, she meticulously reconstructs the decision-making process behind the withdrawal between the period of October 1964 to January 1968. Reassessment of military commitments started long before 1968; a de-facto plan to gradually pull out from Southeast Asia was decided in early 1967 due to the worsening financial situation and Labor backbencher revolt.²⁷ All this happened before the Sterling crisis, which only played the role of accelerating the process.²⁸ Pham's account contradicts the traditional notion that Britain was forced out of East of Suez and corroborates the new school's interpretation.

I will rely on David Sander and David Patrick Houghton's *Losing an Empire, Finding a Role* with reference to post-war British diplomatic history. The book elegantly summarizes changes in foreign policy thinking and some of the other important trends in British diplomatic history, such as the decline of the Anglo-American special relationship and the UK's admission into the European Economic Community (EEC).²⁹ Complementing the book, Helen Parr offers unique insights into Wilson's European policy and his foreign policy leadership. After changing his mind on East of Suez, Wilson envisioned EEC membership as an alternative to obsolete overseas military bases.³⁰ Partnership with continental Europe would allow Britain to maximize global influence and uphold diplomatic independence.³¹ Wilson's European ambition was not the only reason why he turned against East of Suez; but the presence of a viable alternative strategy certainly played a role in precipitating the

²⁷ Pham, *Ending 'East of Suez'*, 13 -200.

²⁸ *Ibid.*, 201 – 236.

²⁹ David Sanders and David Houghton, *Losing an Empire, Finding a Role: British Foreign Policy since 1945* (London: Palgrave, 2017), 108 – 256.

³⁰ Helen Parr. "A Question of Leadership: July 1966 and Harold Wilson's European Decision." *Contemporary British History* 19, no. 4 (2005): 437 – 452.

³¹ Helen Parr. "Britain, America, East of Suez and the EEC: Finding a Role in British Foreign Policy, 1964 - 1967." *Contemporary British History* 20, no. 3 (2006): 405 – 416.

change. Finally, with regards to British public views during this period, I will be using *The Gallup International Public Opinion Polls, Great Britain, 1937-1975*, which has an excellent collection of public opinion polls on foreign and defense policies.

Chapter 3

Methodology and Hypotheses

In this chapter, I will discuss the methodology and hypotheses of my thesis. In the first section, I offer an operational definition for important concepts and terms in my research questions. Then, I explain the methodology of my research: how I select my case; which independent and dependent variables I am measuring; and the structured-focused comparison method that I use to study my case. Finally, I outline how I plan to measure my independent and dependent variables and the hypotheses that I develop (from my literature review) to test my independent variables.

Operational Definitions

To accurately answer my research questions, I need to first clarify key concepts and terms. Borrowing from Paul MacDonald and Joseph Parent's definition, I define retrenchment as a policy of retracting strategic commitments in response to a decline in relative power.³² Countries often adopt a retrenchment policy when their commitments become too costly or when they overstretch their resources.

For the purpose of my research, I define 'strategic commitment' as a country's sustained efforts to achieve certain foreign policy objectives in a region through direct involvement in a war or conflict, military presence, or support for allies. 'Sustained' here emphasizes the long-term character of strategic commitment and differentiates it from some of the more temporary policies; and 'in a region' highlights the fact that most military commitments have a geographic focus. A state has not retrenched if it continues to maintain its strategic commitments.

³² MacDonald and Parent, "Graceful Decline? The Surprising Success of Great Power Retrenchment," 11.

Contemporary history abounds with examples of retrenchment. They often marked a dramatic turn in the state's foreign policy where it gave up long-held strategic interests for which it had expended substantial resources and until recently had been deemed vital. The decolonization of European colonial empires and the Soviet Union's retreat from Afghanistan are both classic cases of retrenchment. Britain's military withdrawal from East of Suez is another example of retrenchment. The UK government pulled out military forces from Southeast Asia and the Middle East, renounced its defense commitments to allies in these regions, and ended Britain's century-old claim as a global military power.

Methodology and Case Selection

The dependent variable in my research is retrenchment (conducted by democratic states). To answer my research question of why democracies retrench, I need to look for independent variables (or X – variables) that can influence my dependent variable – in other words, factors that can contribute to or delay a retrenchment. Built upon my literature review, I have identified six potential factors that might affect retrenchment: cost, public opinion, major policy failure/shock, external influence, institutional setups, and the presence of alternative policy.

To determine which of these factors actually induce or delay retrenchment, I will test them through a case study of the UK's withdrawal from East of Suez. I will study the decision-making process behind Britain's retrenchment and investigate the presence or absence of the six variables mentioned above. More specifically, I will use George and Bennet's structured focused comparison method that is often used in historical case studies. My research is 'structured' in the sense it is guided by my research question. It's 'focused' because I will only concentrate on specific variables and information that are of interest to my research question; I do not intend to comprehensively review every aspect of my case.

To determine whether or not the six variables actually influence retrenchment, I have constructed a hypothesis for each of them built from my literature review. I will test these hypotheses with my historical case by looking for qualitative evidence that might support them. If the weight of evidence supports the hypothesis, it means that the factor has explanatory power for democratic retrenchment. Identifying these factors will allow me to construct a generalized explanation for democratic retrenchment at the end of my research.

I have selected the case of Britain's withdrawal from East of Suez because the United Kingdom was a mature democracy at that period, with well-established media freedom, competitive election, and mass participation in politics. Its disengagement from its extensive military commitments in the Middle East and Southeast Asia also fits with my definition of strategic retrenchment.

Dependent Variable

As mentioned above, the dependent variable of this study is retrenchment. A retrenchment begins when the state publicly announces its decision to reduce its commitments in a certain region; although it is possible that policy-makers might withhold their intention for retrenchment from the public. As it carries out the retrenchment, the state reduces the size of military forces dedicated to the commitment and, if the commitment involves participation in active combat, scales down their level of combat engagement. The retrenchment is completed when the state has fully abandoned the commitment.

To determine changes in my dependent variable, I will observe the number of troops assigned to the commitment and the type of mission they carry out. In addition to that, I will look at public statements and internal decision-making that are relevant to the commitments. Declining troop numbers, less combat engagement, and public or secret decisions to reduce commitments can all indicate that the retrenchment is underway.

Thus, according to this measurement, British retrenchment in East of Suez started in late 1964 when officials first began to question extra-European commitments and entertain the idea of a gradual partial withdrawal. Support for retrenchment gained tracked among ministers and officials despite pressure from allies. Retrenchment became the official policy in 1967 when the Wilson cabinet reached the decision to immediately withdraw from Aden (today's Yemen) and publicly announced its plan to cut down forces in Southeast Asia by half before 1970 and fully withdraw from the region by the mid-1970s. Retrenchment accelerated the next year when the government, due to the earlier Sterling crisis, hastened the schedule to conclude the withdrawal by late 1971. The accelerated plan was later reverted by Wilson's Tory successor Edward Heath. But even then, Heath only altered the timing of the withdrawal, rather than its substance. Britain's retrenchment from East of Suez finally concluded in 1976 when the remaining forces departed from Singapore.

Independent Variables

Based on my literature review, I have identified six potential factors that potentially contribute to or delay the outcome of democratic retrenchment. I will test each of these factors through my case study to determine whether or not they actually influence retrenchment. To accomplish that, I have devised the following hypotheses for each of these factors. If evidence from my case supports a hypothesis, it means that the corresponding variable does play a role behind retrenchment. Identifying all these independent variables will allow me to formulate a generalized explanation for democratic retrenchment.

Independent variable #1: Costs

Rising costs of the commitment can raise public awareness, compete for limited resources, and pressure policy-makers to reconsider the commitment's value. The economic

constraint is one of the major reasons behind Britain's withdrawal from East of Suez. Britain had the highest level of defense spending as a share of GDP in Western Europe, despite sluggish post-war economic growth. Military commitments in East of Suez constituted one of the most expensive items in the military budget. As the British economy worsened by chronic balance of payment crises in the mid-1960s, high-level defense spending was increasingly untenable.³³ Although the Wilson government initially attempted to preserve overseas military commitments, it soon became clear that, without abandoning commitments in Asia, it was impossible to meaningfully cut down defense spending.

Hypothesis #1

A democracy is more likely to withdraw from the strategic commitment if its cost becomes unsustainable.

Testing the hypothesis

I will measure the financial and human costs of the commitment and examine their connections with retrenchment. I will also look for the presence of economic difficulties since an economic crisis can make the commitment relatively more expensive. This hypothesis is falsified if retrenchment does not correspond with unsustainable costs.

Independent variable #2: Public Opinion

Compared to the authoritarian system, the democratic political system offers a more direct channel for the public to influence elite decision-making. Motivated by electoral interests, leaders in democracies are particularly reactive to the majority's view on policy

³³ Dockrill, *Britain's Retreat from East of Suez*, 76 – 104.

matters. Scholars like Jack Snyder have argued that this is one of the traits that makes democracies less prone to imperial overextension.³⁴

Although the British people in the early 1960s were generally supportive of Britain's overseas military presence, there was growing support among the public for cutting down defense expenditure and less interventionist foreign policy.³⁵ Public opinion decisively turned against the East of Suez commitments after the Sterling crisis in 1967.

Hypothesis #2

A democratic state is more likely to retrench when the public is against the commitment and in favor of withdrawing.

Testing the hypothesis

To prove this hypothesis, I will study public opinion on the commitments: how the UK public thought about Britain's military presence in Asia. I will review relevant opinion polls and secondary literature that study public opinions of that period. This hypothesis is wrong if the state does not retrench despite clear public disapproval for the commitment.

Independent variable #3: Policy failure/shock

Jeffery Legro argues that foreign policy change is triggered by policy shock and failure. The state has no incentive to change existing policy until the occurrence of a dramatic policy failure that challenges justifications for the current policy.³⁶ Major policy failures can

³⁴ Snyder, *Myths of Empire*, 305 – 322.

³⁵ McHugh, "The Politics of Strategic Retrenchment," 199 – 240.

³⁶ Jeffrey W. Legro, *Rethinking the World: Great Power Strategies and International Order* (Ithaca: Cornell University Press, 2005), 11 – 38.

be found in my case as well; they are often the turning point events that sent a shockwave across the society and led to the collapse of old policies.

In the UK case, the Sterling devaluation in late 1967, the first of its kind in almost two decades, was a humiliating defeat for the Wilson government. Devaluation forced the government to adopt drastic austerity measures, including a steep cut in the defense budget. Some historians saw the 1967 devaluation as the turning point that forced Wilson to fully renounce East of Suez commitment the next year.³⁷

Hypothesis #3

Retrenchment is more likely after major policy failure or shock.

Testing the hypothesis

I will look for the presence of major policy failures and shocks that call into question the existing policy. I will examine relevant policy debates and review the role these events might play in influencing retrenchment. This hypothesis is false if major policy failure does not contribute to retrenchment or if the retrenchment takes place without the presence of policy shock.

Independent variable #4: External Influence

No foreign policy could be developed in a vacuum. States are often obliged to consult their allies before implementing major policy changes; in turn, allies would try to influence these changes to their interests. After Britain announced its intention to withdraw from Southeast Asia, regional allies such as Malaysia, Singapore, Australia, New Zealand, along with the US protested and mounted a diplomatic campaign to prevent the British

³⁷ Pham, *Ending 'East of Suez'*, 201 – 236.

retrenchment. The US, for instance, tried to use economic aids to woo the British to stay.³⁸

These countries did so because they believed that the vacuum left behind by the British would undermine their vital security interests.

Hypothesis #4

Foreign states who benefit from the commitment will block or delay the retrenchment.

Testing the hypothesis

To verify this hypothesis, I will examine foreign governments' efforts to influence the retrenchment and their effectiveness. I will review relevant primary and secondary materials on how allies reacted to Britain's retrenchment. This hypothesis is flawed if the retrenchment takes place despite foreign influence to prevent or stall it.

Independent variable #5: Institutional Setups

In his study of decolonization, Hendrik Spruyt argues that some European countries' reluctance to decolonize can be explained by their domestic institutions. A country with a fragmented political system, such as France or the Netherlands, is more likely to maintain the status quo and resist major policy changes such as decolonization.³⁹ Spruyt uses the concept of 'veto point' – a political actor whose agreement is necessary for a policy change - to measure the fragmentation of the decision-making process. As veto points increase, more consents are needed for policy change and the preferences of the veto actors are more likely to diverge - making decolonization easier to stall.⁴⁰ Spruyt's theory provides a useful model that can also be used to study how domestic institutional setups affect retrenchment.

³⁸ Dockrill, *Britain's Retreat from East of Suez*, 105 – 121.

³⁹ Spruyt, *Ending Empire*, 88 – 116, 146 – 175.

⁴⁰ *Ibid.*, 25 – 26.

Hypothesis #5

A more centralized political system allows retrenchment to be quickly enacted.

Testing the hypothesis

To prove this hypothesis, I will look at Britain's political system and evaluate how centralized (or conversely fragmented) its decision-making process is. Additionally, I will also examine how various domestic actors, such as opposition parties or interest groups, react to retrenchment. This hypothesis is flawed when the retrenchment is delayed in a centralized political system.

Independent variable #6: The presence of alternative policy

Kelly McHugh highlights the role of the so-called 'counter-frame' behind policy changes. McHugh argues that, rather than merely reacting to public opinions, political leaders in democracies have the ability to actively reframe policy debate and win popular support for their preferred policy. In order to convince the public to accept a policy change, the national leader must offer a convincing and coherent 'counter-frame': an alternative to the existing policy and its justification. However, such counter-frame would only work if the leader is popular and does not face significant opposition.⁴¹

McHugh's study highlights the importance of providing compelling alternatives in order to push through successful policy change. Critics of the East of Suez policy also provided an alternative strategy: ending Britain's meaningless pretension to global power and remaking the country into a European power. They presented a closer partnership with Continental Western Europe and joining the European Economic Community as the solution to Britain's stagnating economy and waning international influence.

⁴¹ McHugh, "The Politics of Strategic Retrenchment," 329 – 410.

Hypothesis #6

Retrenchment is more likely if there is a convincing alternative policy to the commitment.

Testing the hypothesis

I will study internal and public policy debates and look for the presence of alternative policies. This hypothesis is false if the state retrenches without the presence of an alternative strategy.

Chapter 4

Britain's withdrawal from the East of Suez

For centuries, policymakers in London and other capitals had taken Britain's military presence in the Middle East and Southeast Asia for granted - even though the Cold War and decolonization changed the nature and purpose of Britain's mission there. The 1968 decision to withdraw from 'East of Suez' was shocking to allies and marked a fundamental change in British foreign policy. For this reason, I have chosen it as the first case in my study of democratic retrenchment.

In this chapter, I examine the history behind Britain's withdrawal from East of Suez. I first review what was Britain's post-war strategic commitments in East of Suez: the rationale behind them and the means through which they were carried out. Then I write about the shift in British foreign policy thinking between 1956 and 1964. During this period, policy-makers reevaluated Britain's extensive extra-European commitments in the face of new economic and geopolitical realities. The once unassailable consensus on the issue began to crack. Finally, I focus on the Wilson government's East of Suez policy prior to the withdrawal and how foreign and domestic actors reacted to the decision. After lengthy debate and consultation, the Wilson government reversed its initial support of Britain's role in East of Suez and announced in July 1967 a plan of gradual withdrawal. However, the Sterling Crisis in November derailed this plan and forced Wilson in January 1968 to radically expedite the withdrawal and explicitly renounce all remaining commitments in East of Suez – a decision that shocked and dismayed Britain's allies.

What is Britain's East of Suez Commitments

The term 'East of Suez' originated from Rudyard Kipling's famous poem 'Mandalay'. Romanticizing British-ruled Burma, the poem was written at a time when

Britain still ruled over an extensive colonial empire. By the mid 20th century, however, the British empire was in rapid collapse. Nevertheless, the United Kingdom continued to see itself as a great power. Policymakers used ‘East of Suez’ as a political and military jargon in reference to the country’s strategic commitments beyond the European theatre – mainly in the Middle East and Southeast Asia. They were convinced that Britain must be an active military and diplomatic player in these regions in order to counter Soviet influence, promote Western interests, and safeguard its own economic and political interests.

To meet these strategic commitments, Britain relied on a complex network of troop deployment, military bases, remaining colonies, and defense treaties with local allies. In the Middle East, British military presence was heavily centered around the Persian Gulf. The UK still ruled over the protectorates of Trucial States (today’s Qatar and United Arab Emirates), Bahrain, and Aden (later South Yemen) and maintained troops and bases in all these territories. In particular, Aden – strategically situated on Europe’s line of communication to the Persian Gulf and Southeast Asia⁴² - became the focus of British military activities in the Middle East, hosting as many as 22,000 troops in 1965.⁴³ Additionally, Britain was also committed to defending Kuwait (only just gained its independence from the UK in 1961) and Oman and maintained a warm relationship with other regional pro-Western regimes such as Iran and Saudi Arabia. Britain’s main task was to protect its clients from radical Arab nationalist regimes, such as Egypt or Iraq. Nationalist-aligned forces clashed with the region’s pro-Western reactionary regimes whom they sought to overthrow. The close ties between Pan-Arab nationalists and the Soviet Union also caused great concerns to London. Furthermore, Britain also had to protect its Gulf clients from each other. It acted as a mediator in their interminable border disputes and byzantine dynastic politics.⁴⁴

⁴² Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 59 – 62.

⁴³ *Ibid.*, 154.

⁴⁴ *Ibid.*, 150-153.

A stable Persian Gulf held significance to British policy-makers due to its strategic location and economic value. The Persian Gulf sat on Britain's communication and supply line across the Indian Ocean to East Africa, Southeast Asia, and Australia.⁴⁵ British defense commitments beyond the Indian Ocean and - by extension - its role as a global power depended on its position in the Middle East. Its capability to defend far-flung places such as Singapore, Hong Kong, or Australia would be greatly undermined if it could not secure the Persian Gulf.⁴⁶

As the Persian Gulf emerged as a major oil producer after the Second World War, it also held invaluable economic importance to the UK. Gulf oil powered European economies: more than half of West Europe's petroleum came from the Gulf in the 1960s. For Britain, that portion had risen from over fifty percent in the 1950s to more than two-thirds in the early 60s. Additionally, Gulf oil revenue underwrote Britain's balance of payment and its financial stability. British oil firms had over £600 million worth of investment in the region and contributed over £200 million per year to the UK balance of payment through foreign exchange saving and overseas sales.⁴⁷ Gulf oil sheikdoms used sterling for transactions and invested their profits into the British financial market. Kuwait solely contributed to between 7 and 10 percent of new capital investment in the British stock market in 1961 and became the largest foreign holder of the pound sterling in 1967.⁴⁸ Thus, policy-makers in London were convinced that military presence was needed to protect the flow of oil and British economic interests.

In Southeast Asia, British defense commitment mainly covered Malaysia and Singapore. British obligation was formalized in the 1957 Anglo-Malayan Defense

⁴⁵ Ibid., 59-62.

⁴⁶ Ibid., 3.

⁴⁷ Ibid., 148.

⁴⁸ Ibid., 3.

Agreement. The treaty committed the United Kingdom, Australia, and New Zealand to the defense of Malaysia. Singapore was added to the treaty when it gained independence from Malaysia in 1965. To that end, Britain maintained military bases in Malaysia and Singapore. Singapore was the lynchpin of British defense posture in Southeast Asia. UK presence there encompassed major bases and naval, army, and air units. Military expenses in Singapore alone consumed 15 percent of Britain's annual defense budget and 40 percent of overseas defense costs in the early 60s.⁴⁹ It would be no exaggeration to say that the small city-state was the single most important military asset in Britain's East of Suez commitments.

Such considerable commitments in Southeast Asia were deemed necessary due to the region's chronic instability and communist threats. Throughout the 50s, Britain and its allies fought Communist insurgents in Malaysia. Later in 1963, Britain engaged in an undeclared war with Indonesia whose pro-Soviet leader Sukarno held territorial ambition over Malaysian Borneo. Although Indonesia concluded peace with Malaysia three years later, the rapid escalation of America's war in Indochina continued to justify Britain's heavy military presence in Southeast Asia.

British obligation to Malaysia and Singapore partially rooted in history: both Malaysia and Singapore were - until not so long ago - part of the British Empire and are still members of the Commonwealth. But it was also motivated by geopolitical and economic reasons. Malaysia and Singapore held the maritime chokepoint of the Malacca Strait – one of the world's busiest shipping routes and indispensable to Asian economies. The two countries also had extensive commercial ties with the UK and were crucial members of the sterling bloc, contributing more than 35 percent of sterling's balance of payments surplus with the dollar. Malaysia, in particular, was rich in the strategic materials of tin and rubber.⁵⁰ Finally,

⁴⁹ Pham, *Ending 'East of Suez,'* 22.

⁵⁰ *Ibid.*, 2-3.

British forces in Southeast Asia were also an expression of its commitments to Australia and New Zealand, two important British allies bounded by ties of culture, trade, and lingering imperial sentiments. The two countries wholeheartedly welcomed British military presence in the Malay Peninsula which corresponded with their security interests and strategy of forward defense.⁵¹

Beyond these immediate interests on the regional level, Britain's extensive strategic commitments also served its overall foreign policy objectives by enhancing the country's special relationship with the United States. As its superpower rivalry with the Soviet Union escalated, post-war America quickly abandoned its previous coolly hostile attitude on European colonialism and welcomed European presence in the third-world as a means to combat Soviet influence. Washington viewed Britain's East of Suez commitments positively, which was seen as a force of stabilization and bolstering America's own regional positions.⁵² They also valued Britain's in-region knowledge and connections (particularly in the Persian Gulf's intricate dynastical politics), which could not be easily replaced. (Find something in the middle east book) And with the United States severely overstretched and bogged down by its intervention in Indochina, it put even more value on Britain's burden-sharing in the Middle East and Southeast Asia.⁵³

As for the UK, its East of Suez commitments strengthened the Anglo-American special relationship which further reinforced Britain's power and prestige abroad. UK global military presence, which none of America's other allies were capable of stepping in, secured its place as America's most important ally. And relieving American burdens as its junior partner gave Britain outsize lobbying influence over policy-making in Washington and provided London an invaluable bargaining chip to secure concessions. The best example of

⁵¹ Ibid., 3.

⁵² Ibid., 3-4.

⁵³ Ibid.

this could be found in the 1962 Nassau Agreement in which Britain leveraged to purchase the art-of-the-state American Polaris nuclear missile system at a heavily discounted price.⁵⁴

Whitehall officials' conviction in Britain's role East of Suez was also widely shared among the public. Britain's East of Suez policy as a whole was rarely featured in polls in the early 1960s. However, one can gauge the public's attitude on the subject by measuring substitute questions. One such substitute was presented by the British Institute of Public Opinion which asked the public throughout the 1960s whether they preferred Britain to be a 'world power' or adopt a role 'more like Switzerland and Sweden.'⁵⁵ Considering how integral East of Suez was to the UK's global strategy, one can interpret this question as to whether the public preferred Britain to play an active role across the world or to retrench back to Europe. Throughout 1963 and 1964, a plurality – sometimes a majority - of the public favored the UK to remain a world power. In April 1963, 46 percent favored being a world power, while 43 percent supported a role similar to Sweden or Switzerland.⁵⁶ Those who supported a global role rose to 51 percent in January 1964 and later 52 percent in Fall 1964.⁵⁷ However, the public's consistent support for maintaining global commitments stood in contrast with their belief that the UK had spent too much on defense. Starting from the late 1950s, a majority of the public favored decreasing military expenditure.⁵⁸ In short, the public in the early 1960s supported cutting defense spending, but not cutting overseas commitments - a position most British at the time did not find conflicting.

⁵⁴ Sanders and Houghton, *Losing an Empire, Finding a Role*, 169-179.

⁵⁵ McHugh, "The Politics of Strategic Retrenchment," 213.

⁵⁶ George Gallup, *The Gallup International Public Opinion Polls, Great Britain, 1937 – 1975* (New York: Random House), 1976, 684.

⁵⁷ *Ibid.*, 723 – 762.

⁵⁸ *Ibid.*, 429.

The Reevaluation of East of Suez

In 1964, Harold Wilson led his party to a narrow victory in that year's general election and became the first Labor Prime Minister in a decade. One of the youngest holders of his office, Wilson was elected on the promises of dashing reforms and a major shift from the previous Tory governments. However, his view on foreign policy issues was squarely orthodox. Like his predecessors, Wilson was supportive of the East of Suez special role and, once in office, quickly reaffirmed Britain's commitments in the Middle East and Southeast Asia. However, in the background, officials and ministers began to seriously reevaluate UK's overall defense posture, especially its military deployment in the extra-European theater. This rethinking eventually encouraged the Whitehall to start secret preparation in the next two years for a long-term plan of withdrawal from the East of Suez.

A new Defense Review was needed under the new government. Using this opportunity, policy-makers began to reevaluate every aspect of Britain's global military role and became increasingly skeptical of the rationale and costs of the East of Suez policy during such process. For decades, Whitehall officials comforted themselves with the belief that British forces played a stabilizing role in the Middle East and Southeast Asia. But did the maintaining of expensive bases and forward deployment really reduce conflicts?⁵⁹ With Third World nationalism on the rise, overseas military presence increasingly looked like a liability and sometimes became the very cause of instability.⁶⁰ Prolonged Western presence in the Third World would only lead to local resentment and it would have been far more effective to encourage indigenous nationalism to counter Soviet or Chinese influence.⁶¹ Communist insurgents in Malaysia and the Indonesians (during the 1963-1966 Confrontation) both referred to the continued British presence and framed their clashes with the Malaysian

⁵⁹ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 137.

⁶⁰ Pham, *Ending 'East of Suez'*, 22.

⁶¹ *Ibid.*, 23 – 24.

government as an anti-colonial struggle.⁶² The same occurred in the Persian Gulf where Arab nationalists undermined the Gulf monarchies' legitimacy by citing their extensive ties with the West.⁶³ And in South Arabia, the earlier decision to turn Aden into a military stronghold only intensified anti-British sentiment and led to widespread unrest and an armed insurgency that increasingly paralyzed the colony.⁶⁴

In addition, the strategic value of overseas military bases also became questionable in the age of thermonuclear weapons and ballistic missiles. Any direct armed conflict between the East and the West would quickly turn "nuclear". So what was the use of maintaining troops abroad when mainland Britain would surely be devastated by nuclear strikes?⁶⁵

The economic justifications for East of Suez commitment also came under attack. The fundamental assumption behind British policy in the Middle East was that military presence was necessary to protect the interests of Western oil firms and guarantee the steady flow of Gulf oil. Yet while the UK was deeply entangled in the region, other Western European countries managed to access cheap oil just as well without any expensive military presence. Market forces alone were sufficient to secure the steady flow of Gulf oil.⁶⁶ Even oil firm executives began to see prolonged British presence as a liability that might backfire on their reputation one day and undermine their business interests. Even in the worst-case scenario in which Kuwait, the biggest oil exporter to Britain, fell to enemy hands, the economic cost would be much more manageable than previous predictions and the UK could quickly divert production from elsewhere.⁶⁷

⁶² Ibid., 4 – 6.

⁶³ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 150-152.

⁶⁴ Ibid., 153-156.

⁶⁵ Sanders and Houghton, *Losing an Empire, Finding a Role*, 58.

⁶⁶ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 139.

⁶⁷ Ibid., 147-150.

As for the Commonwealth trade factor that used to justify Britain's global military role, it also became increasingly irrelevant due to changes in Britain's post-war international trade. Western Europe and the United States had rapidly replaced Commonwealth countries as Britain's biggest trading partner. UK export to Western Europe and the United States had more than doubled from £993 million in 1955 to £2383 million in 1966; as a share of Britain's total export, this represented a jump from 34.5 percent to 50.5 percent.⁶⁸ By contrast, British business interests were losing out in Commonwealth countries due to decolonization and increased competition. Singapore and Malaysia's immediate region only contribute to 3 percent of British international trade and less than 6 percent of overseas investment revenue in 1964. Yet expenses in Singapore alone took up 15 percent of all defense budget and 40 percent of overseas defense cost.⁶⁹ Clearly, the military cost of defending East of Suez was disproportional to Britain's trade interests there.

Not only were the justifications for Britain's East of Suez role less convincing, the cost of maintaining the network of forward deployment and overseas bases had also become increasingly unbearable for the struggling British economy. The UK's extensive military presence in Asia was symbolic of but also one of the causes for its unsustainable defense spending. Despite that economic growth had stagnated and its GDP per capita had slumped to 7th place globally in 1965, Britain's level of military spending – at 7 percent of GNP – was higher than any other industrialized country barring the United States.⁷⁰ Exorbitant military budget worsened the UK's chronic balance of payment deficit, occupied advanced industries and skilled labors that could have been devoted to more productive purposes, and conflicted with social welfare programs and Wilson's plan of economic modernization.⁷¹

⁶⁸ Sanders and Houghton, *Losing an Empire, Finding a Role*, 122-123.

⁶⁹ Pham, *Ending 'East of Suez'*, 21 – 22.

⁷⁰ Sanders and Houghton, *Losing an Empire, Finding a Role*, 121.

⁷¹ Pham, *Ending 'East of Suez'*, 19.

To rein in military expenditure, the Wilson government adopted a firm ceiling of £2000 million on annual defense spending. But to meet this target, piecemeal cuts to overseas presence or equipment would not have been enough. The UK military was so overstretched between Europe and Asia that no major cut could be made without fully withdrawing from one of the two theaters. In other words, Britain must choose between its Europe and East of Suez. Since ending commitments in Europe would endanger NATO's viability, which was already in crisis due to De Gaulle's 1966 decision to pull France out of the NATO command structure, future cuts could only be made to the East of Suez commitments.⁷²

If Britain's role in East of Suez was no longer sustainable, what was its alternative? For a growing number of British on both sides of the political spectrum, the answer was to join the Europe Economic Community (EEC). Supporters of EEC membership were often highly critical of the East of Suez commitments. They believed that the UK faced the choice between vainly clamping onto an increasingly irrelevant 'world role' or developing a productive partnership with Continental Europe. For the Europhiles, Britain's pretension to global power through its East of Suez commitments was unsustainable: extensive overseas military presence dragged down the economy and entangled the country into pointless local conflicts (such as the Confrontation with the Indonesians or nationalist insurgency in Aden). However, EEC membership, a revolutionary departure from current policy, could salvage Britain's stagnating economy and its waning geopolitical influence.

Economically, Britain's trade with the Commonwealth was rapidly eclipsed by its trade with EEC – reflecting Britain's deepening economic ties with the bloc.⁷³ Western Europe's exemplary post-war recovery and the promise of tariff elimination made it a much more lucrative market than Britain's former colonies – where growth was often slower and

⁷² Ibid., 24 – 25.

⁷³ Sanders and Houghton, *Losing an Empire, Finding a Role*, 141 – 144, 147 – 148.

governments imposed protectionist trade policy after winning independence.⁷⁴ And without new trading arrangements, the UK risked losing influence in international trade talk to an ever-more powerful EEC.⁷⁵ Moreover, compared with the US or the EEC, UK domestic market was too small to sustain independent development of high tech and specialized industry.⁷⁶ Participation in a bigger market would thus allow a higher return to British industry and create a better environment for investment, idea fertilization, and specialization.⁷⁷ EEC membership could also allow greater technological collaboration with other Western European states (particularly France), so that Britain would no longer rely on American high-technology.⁷⁸

Diplomatically, many in London were concerned by the closer Franco-German relations and the rhetoric in European capitals calling for greater political integration. If the UK continued to remain outside the EEC, it risked being overshadowed by and losing influence to an all-powerful neighbor; Britain would be forced into geopolitical irrelevancy and become essentially a larger Sweden.⁷⁹ In particular, many British watchers were alerted by the French President Charles De Gaulle's growing confrontations with America and his talk of Europe as an independent 'Third Force.' They feared that, unless Britain joined the EEC and guided it from within, the bloc might drift away from the US and undermine the Atlantic alliance.⁸⁰

In short, EEC supporters wanted the UK to retrench from East of Suez and re-invent itself into a European power. They saw joining the bloc as an alternative base of power to produce economic wealth, maximize international reach, and maintain Britain's political

⁷⁴ Ibid., 145 – 146.

⁷⁵ Parr, "A Question of Leadership," 440.

⁷⁶ Parr, "Britain, America, East of Suez, and the EEC," 410.

⁷⁷ Parr, "A Question of Leadership," 439.

⁷⁸ Parr, "Britain, America, East of Suez, and the EEC," 406 – 408.

⁷⁹ Ibid., 408.

⁸⁰ Parr, "A Question of Leadership," 440.

independence in an age of superpowers.⁸¹ The support for EEC membership grew symbiotically with the opposition to East of Suez. As shall be seen later, the pro-EEC faction grew increasingly dominant in the Wilson Cabinet – particularly after a succession of economic crises that gave credence to their argument. They would later play a central role in turning the consensus against the East of Suez commitments.

In conclusion, the military value of forward defense in East of Suez had diminished and prolonged Western presence seemed only to stir up more local resistance rather than upkeep regional peace. Just as Western Europe and North America became Britain's biggest trading partners, UK trade and economic interests in Asia declined significantly, which no longer justified its extensive military presence there. And with growth stagnated and the balance of payment crisis exacerbated, the financial burden of Britain's military role in East of Suez was no longer economically sustainable. Many policymakers were no longer convinced that the hefty price of maintaining a global military role was worth paying just to secure waning British influence and curry favors with Washington. As an alternative, they supported retrenching from the East of Suez and joining the EEC so that the UK could reinvigorate its economy while retaining geopolitical influence.

Thus, by mid-1965, the Wilson government had switched from an unequivocal endorsement of the East of Suez commitments to doubts. But such a mood was not shared by the general population. As mentioned in the previous section, the majority of the British public still believed that the UK should remain a world power. In Fall 1964, 52 percent of interviewees were in favor of maintaining a world role, as opposed to 27 percent who supported a role similar to Sweden or Switzerland.⁸² The percentage of the public backing Britain's global role rose further to 55 percent in February 1965.⁸³ The public was also

⁸¹ Ibid., 450 – 452.

⁸² Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 762.

⁸³ Ibid., 790.

overwhelmingly supportive of Britain's East of Suez commitments. In a poll on Britain's military presence in Aden and Singapore in November 1965, 53 percent answered that British troops should remain there and only 17 percent desired a withdrawal.⁸⁴

At Whitehall, senior Ministers and officials now contemplated significantly reducing military presence in the Middle East and Southeast Asia and began secretly seeking a long-term plan to end.⁸⁵ But their biggest obstacle came from Britain's partners in East of Suez: Australia, New Zealand, and particularly the United States. When they approached allies about the idea of withdrawal in a quadripartite meeting in September 1965, British officials were roundly scolded for making such a suggestion.⁸⁶ Australia refused to talk about the idea of establishing an alternative British base in Northern Australia for fear that it might encourage the UK to pull out the Malay Peninsula.⁸⁷ But the biggest resistance came from the United States. American officials warned that unilateral withdrawal would harm the Anglo-American special relationship. The Martin-Cromer plan – a \$1 billion multi-national aid package to support the pound sterling – was still under negotiation at the time. Washington, which would contribute the lion-share of the package, made it clear that any American financial assistance was linked to Britain's defense commitment in East of Suez⁸⁸

Despite the resistance from allies, however, policymakers in London carried on their secret planning for a long-term withdrawal. In February 1966, the Wilson government published a Defense White Paper as the final conclusion of the Defense Review. The White Paper greatly reduced military expenditure and canceled several major weapon programs. It also declared that UK forces would fully withdraw from the strategically important Aden after the colony's scheduled independence in 1967 – a reversal from previous decisions.

⁸⁴ Ibid., 834 – 835.

⁸⁵ Pham, *Ending 'East of Suez'*, 28 – 32.

⁸⁶ Ibid., 46 – 53.

⁸⁷ Ibid., 36 – 42.

⁸⁸ Ibid., 53 – 55.

However, some units stationed in Aden would be transferred to other Gulf bases as compensation. As for other overseas commitments, the White Paper announced that the UK would stay in East of Suez ‘as long as conditions allowed.’⁸⁹ This deliberately ambiguous phrase seemingly expressed the government’s intention to retain existing commitments. But in reality, it allowed the Labor government to quietly commit itself to eventually exiting from East of Suez in the long term. The Cabinet’s real intention was betrayed by the original wordings of the White Paper which stated that Britain would withdraw ‘as soon as possible.’ This was only changed at the last minute by officials for fear of alerting allies.⁹⁰ In this way, the Wilson government stealthily committed itself to a long-term retrenchment from East of Suez. This marks a major shift from two years ago when the new Prime Minister came into Downing Street as a firm supporter of Britain’s role East of Suez.

The Withdrawal from East of Suez

By the Spring of 1966, the Wilson government had discreetly changed the direction of its East of Suez policy. However, the planning for the eventual withdrawal was plagued with bureaucratic infighting, diplomatic resistance from allies’ governments, and endemic disruptions from economic and political emergencies. The Wilson government initially prepared to militarily pull out from the Middle East and Southeast by the mid-1970s, while leaving behind some symbolic diplomatic commitments. But the 1967 financial crisis and the subsequent Sterling devaluation in November – the first devaluation in almost two decades – threw the plan into complete disarray. In the aftermath of the crisis, the government hastily adopted a new plan which accelerated the withdrawal and explicitly renounced the East of Suez defense commitments. In a speech to the Parliament in January 1968, Harold Wilson

⁸⁹ Ibid., 83 – 87.

⁹⁰ Ibid., 74 – 76.

announced the new measures and urged that Britain must come to terms with a limited role as a European middle power, formally drawing an end to the country's strategic commitments in East of Suez.

Supplementary Statement on Defense Policy (Feb 1966 – July 1967)

The Wilson government committed itself to a long-term exit from the East of Suez through the 1966 Defense White Paper. But it should be noted that, even then, there was no significant desire among the public to cut Britain's overseas commitments. The public was squarely divided on the white paper. In a poll taken shortly after its publication, 35 percent supported the criticism that cutting the armed force but not its commitments would further overstretch it, 32 percent supported the government's position that the cut would not lead to overextension, and the rest 33 percent were unsure about their views.⁹¹ In a June 1966 poll, 46 percent of the public responded that the UK should maintain its world role and 40 percent thought that the country should become more like Sweden or Switzerland.⁹² Public support for the East of Suez commitments was even stronger. In July, 48 percent believed that Britain should remain in Singapore and Aden and only 28 supported a withdrawal from these countries.⁹³

The white paper also did not shed any light on when and how the UK would end its commitments in the extra-European theater. However, planning for the withdrawal soon took on urgency by successive economic and political crises. In mid-1966, a national seamen's strike paralyzed British docks for almost two months and caused widespread disruption to shipping and trade, compelling the government to declare a national emergency. The strike exacerbated the already perilous balance of payment deficit and led to major deterioration in

⁹¹ Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 854 – 855.

⁹² *Ibid.*, 869.

⁹³ *Ibid.*, 871.

sterling's position. It also opened up the sharp division within the Cabinet on economic and foreign policies.⁹⁴ The government was forced to adopt a £100 million emergency cut on overseas expenditure - which included partially reducing troop presence in Southeast Asia – in order to restore confidence in sterling.⁹⁵ And due to his disagreement with Wilson's handling of the economy, the Secretary of Economic Affairs George Brown, an outspoken Europhile and critic of the East of Suez policy, was moved to the Foreign Office. Brown quickly made his preference felt at his new office. His new portfolio broke the Cabinet's consensus on foreign policy, tipping the balance in favor of those who advocated joining the EEC and retrenching from Asia.⁹⁶

The crisis also set off a Defense Expenditure Study. Concerned about the inability to rein in spending, the Treasury wanted to further reduce the defense budget to shore up the balance of payment. The Chancellor of Exchequer James Callaghan planned to impose a new £1850 million cap on the defense budget. In response, the Ministry of Defense proposed to reduce forces in Europe by a third and those in Southeast Asia by half. The new proposal was adopted by the Cabinet and became the premise of a new Defense Expenditure Study. However, it was quickly jeopardized by a fresh crisis – this time inside Wilson's own party.

Rising unemployment and the impression that the reduction of overseas defense roles was not radical enough led some in the Labor Party to believe that the government had lost its direction. In February 1967, the Parliament voted on a new Defense White Paper. Many Labor backbenchers used the opportunity to vent their grievances and criticize government policies. The white paper was passed by only 39 votes – a far cry from the government's majority of 96 seats.⁹⁷ The intransigence greatly alarmed the Cabinet. Fearing the prospect of

⁹⁴ Pham, *Ending 'East of Suez'*, 114 – 115.

⁹⁵ *Ibid.*, 115 – 116.

⁹⁶ *Ibid.*, 116 – 117.

⁹⁷ *Ibid.*, 135 – 138.

more rebellions, the Ministry of Defense moved faster and sharpened the withdrawal plan. It now proposed to cut forces in East of Suez by half by 1970 and withdraw completely by 1975. The plan left open the possibility of leaving behind a token force in Australia.⁹⁸

This new proposal faced considerable resistance. Ministers critical of Britain's global military role lambasted the withdrawal schedule for being too slow and wanted to rule out the idea of a residual military presence in Australia.⁹⁹ On the other hand, the pro-East-of-Suez faction in the government rebuked that the plan would betray Britain's historical commitment to the region and make Britain untrustworthy to its allies.¹⁰⁰ Officials sympathetic to this argument even secretly encouraged allies to mount stronger attacks against the government's plan.¹⁰¹ There was also fierce debate over the merit of a fixed withdrawal schedule, and if and how the plan would be publicly announced.

Outside the government, Britain's partners in East of Suez also voiced out against the government's latest proposal. Reaction from the US was mixed. American officials were worried about the impact on Malaysia's defense and its own campaign in Vietnam, but they expressed understanding towards London's conundrum.¹⁰² The reaction was much sharper from the Australian and New Zealand governments. Ministers and officials in Canberra and Wellington reacted emotionally to the news. The geopolitical effect of Britain's military exit Southeast Asia is more direct for them and would permanently change their military posture.¹⁰³ The three countries tried to coordinate their responses and mobilize Singapore and Malaysia to lobby against the plan.¹⁰⁴ Although Malaysia was more relaxed about the news,

⁹⁸ Ibid., 138 – 144.

⁹⁹ Ibid., 145 – 146.

¹⁰⁰ Ibid., 142 – 143.

¹⁰¹ Ibid., 164 – 165.

¹⁰² Ibid., 152 – 154

¹⁰³ Ibid., 155 – 159.

¹⁰⁴ Ibid., 159 – 160, 168 – 170.

Singapore was deeply anxious. British basing was a major source of revenue and the Prime Minister Lee Kuan Yew worried that the withdrawal would lead to a capital flight.¹⁰⁵

Inside the Cabinet, the battle over the proposal continued. Brown and the Treasury wanted a fixed date on the withdrawal and a more public statement to reap the domestic political benefit of a major public announcement. Opposing them were the Ministry of Defense, the Foreign Office, and Britain's allies.¹⁰⁶ There was also a third faction for whom the withdrawal was still not fast enough.¹⁰⁷ In the end, Defense Secretary Denise Healey put forward a compromise: a public announcement would be made for the publicity on the extent of savings the government was achieving; but as a concession to allies, the withdrawal date would be blurred from 1975 to 'mid-1970s' and some residual capacity would be kept in the region. After heated debate, this compromise was finally accepted by the Cabinet.¹⁰⁸

In July 1967, the British government released the *Supplementary Statement on Defense Policy*. The document announced the government's intention to half forces in Singapore and Malaysia by 1970 – 1971 and completely pull out from the two Southeast Asian countries 'in the middle 1970s.' It also confirmed the earlier decision (in the 1966 Defense White Paper) to evacuate from bases in Aden after the colony's independence. However, the document also made it clear through carefully crafted phrases that Britain was not renouncing its world role. The withdrawal timetable in Southeast Asia would be depended on the progress in regional stability and Britain would continue to honor its treaty obligations to Malaysia and Singapore. It would retain the military capability to intervene in Southeast Asia should the need arise – probably in the form of forces stationed in the Indian Ocean or Australia. And although the military stronghold of Aden would not be retained,

¹⁰⁵ Ibid., 160 – 162.

¹⁰⁶ Ibid., 181 – 185.

¹⁰⁷ Ibid., 185 – 187.

¹⁰⁸ Ibid., 187 – 188.

British forces would not entirely withdraw from the Middle East: some units in Aden would be transferred to the Trucial States in the Gulf instead.¹⁰⁹

Allied governments restrained from publicly denouncing London's latest move, but they expressed their disappointment in private. The Australian Prime Minister Harold Holt remarked bitterly to Lee Kuan Yew that the earlier British consultation was a charade and allies' opinions not valued.¹¹⁰ Domestically, the opposition Conservative Party criticized the policy as arbitrary and argued that a fixed withdrawal date might embolden hostile forces. However, these attacks were undercut by the Conservative's own division on the East of Suez question and the Labor Party's huge majority in the House of Commons.¹¹¹ Some Labor backbenchers continued to argue that the withdrawal was too slow and that there was more room for defense cut. But their criticism did not gain much traction as many who were against Britain's global military role were placated by the belief that the government was moving in the right direction.¹¹² The public was once again divided on the latest defense cut. 18 percent believed that the cut went too much and another 4 percent were against any cut. Only 24 percent thought that it did not go far enough, and the rest 24 percent were unsure about the subject. That being said, though, when being presented with the alternatives of raising taxes or cutting welfare, the overwhelming majority of the public (over 70 percent) favored cutting military expenditure.¹¹³

Devaluation (July 1967 – November 1967)

The publication of the *Supplementary Statement on Defense Policy* in July seemed to have settled Britain's East of Suez commitment for the foreseeable future. At the same time,

¹⁰⁹ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 162.

¹¹⁰ Pham, *Ending 'East of Suez'*, 189 – 190.

¹¹¹ *Ibid.*, 190 – 191.

¹¹² *Ibid.*

¹¹³ Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 940 – 941.

however, the pressure on sterling became increasingly unsustainable. Earlier in May, the Wilson government made a formal application for EEC membership, but it was quickly vetoed by French President Charles de Gaulle. The failure of the application – key to Wilson’s economic and industrial strategy – hurt foreign confidence in the pound sterling.¹¹⁴ In June, in the aftermath of the Third Arab-Israeli War (or the Six-Day War), several Arab oil-producing states announced an oil embargo against America and Britain. Additionally, Egypt shut down the Suez Canal, which disrupted shipping and quadrupled the cost of oil transportation. The combination of the embargo and the Canal’s closure led to an almost £60 million loss for Britain’s trading account and put further pressure on sterling.¹¹⁵ As a final straw, dock workers in Liverpool and London went on strike in September. The eight-week-long strike was devastating to export. Trade deficit deteriorated from £81 million per month in the third quarter, to £159 million in September and £331 million in October.¹¹⁶

All these factors combined created huge financial pressure on the pound. Continuous domestic and foreign speculation and the fall in Britain’s reserve made it impossible for the government to defend sterling at its pegged value of \$2.80. The US – in the middle of a gold and balance of payment crisis - was in no position to bail out Britain this time. On November 18, the Wilson government reluctantly decided to devalue the pound by 14.3 percent – the first devaluation in almost two decades. The decision was deeply embarrassing as it was seen as the symbol of Labor’s economic mismanagement.¹¹⁷ Its long-term effect was also monumental: it led to the de-facto end of the sterling bloc and the use of the pound as a reserve currency. But in the short run, it managed to stabilize the crisis and halt the speculative outflow.¹¹⁸ The devaluation also led to an immediate Cabinet reshuffling. The

¹¹⁴ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 162 – 163.

¹¹⁵ *Ibid.*, 163 – 165.

¹¹⁶ Pham, *Ending ‘East of Suez’*, 204.

¹¹⁷ *Ibid.*, 201 – 204.

¹¹⁸ Sanders and Houghton, *Losing an Empire, Finding a Role*, 206 – 207.

Chancellor of Exchequer James Callaghan swapped office with the Home Secretary Roy Jenkins, a prominent critic of Britain's global military role. The elevation of Jenkins, who had previously supported faster and complete retrenchment from East of Suez, to the arguably second highest office in the Cabinet greatly strengthened the position of the anti-East-of-Suez faction.¹¹⁹

The Formal End of East of Suez (November 1967 – January 1968)

To ensure the success of the devaluation, the new Chancellor proposed a package of deflationary measures. Steep and sweeping cuts in government spending must be made in order to improve the balance of payment and shore up sterling's fragile new position. These cuts need to be seen as radical and credible.¹²⁰ Components of the deflationary package include scrapping some of Labor's flagship welfare programs: prescription charges would be reintroduced and the raise of school-leaving age would be postponed. However, these measures would be controversial for Labor lawmakers and would not be politically acceptable without an equally radical cut on the defense budget. Hence, Jenkins wanted to cancel several major defense acquisition programs, a speedier and more comprehensive withdrawal from East of Suez, and formally renounce Britain's worldwide military role. The UK would depart not only from Southeast Asia but also the Gulf; and the withdrawal deadline would be moved forward from the mid-1970s to March 1971.¹²¹

Jenkins' proposal attracted fierce resistance from the Ministry of Defense and the Foreign Office. Although they acceded to the need for further cuts, officials protested that a new schedule was too hasty and would not be received with grace by Britain's allies, who had reluctantly accepted the previous plan of withdrawal only months before. Nevertheless,

¹¹⁹ Pham, *Ending 'East of Suez'*, 207, 234.

¹²⁰ *Ibid.*, 204 – 205.

¹²¹ *Ibid.*, 207 – 210.

Jenkins was adamant on his deflationary package and refused to back down. After weeks of heated debate and under pressure from Wilson, the Cabinet narrowly adopted the Chancellor's proposal in early January 1968.¹²²

Now it was time to relay the news to Britain's allies. As predicted, allies reacted with dismay, if not outright anger. The news arrived at a bad time for Washington. The Vietnam War continued to escalate and its cost had spiraled out of control. America simply did not have the resource to fill the vacuum left by Britain in the Gulf and the Malay Peninsula. The Johnson administration also feared that the British retrenchment would call into question America's own commitments in Southeast Asia and strengthened Isolationism at home.¹²³ Moreover, 1968 was an election year. The Foreign Secretary George Brown's meeting with the US Secretary of State Dean Rusk was intense and – in the Brown's own words – 'bloody unpleasant.' Washington's anger can be best represented by Rusk's rebuke "For God's sake, act like Britain!"¹²⁴ In Singapore, Prime Minister Lee Kuan Yew was bitter over the unilateral nature of Britain's decision and feared that it might undermine confidence in the tiny city-state. He threatened to withdraw large amounts of sterling and end the UK's monopoly on certain Singaporean industries.¹²⁵ In a last-ditch effort, He visited London in mid-January and personally lobby the Cabinet to delay the withdrawal schedule, but to no avail.¹²⁶

In the face of universal negative responses from foreign capitals, some ministers urged to delay the withdrawal deadline by a year to March 1972 as a concession to allies. However, Jenkins refused to back down. In the end, Wilson stepped in and push through a

¹²² Ibid., 210 – 220.

¹²³ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 162 – 163.

¹²⁴ Pham, *Ending 'East of Suez'*, 224 – 225.

¹²⁵ Ibid., 222 – 223.

¹²⁶ Ibid., 227 – 228.

compromise: the withdrawal would be completed by December 1971 instead.¹²⁷ On January 16, 1968, Wilson announced the deflationary package in the House of Commons. Although the £110 million defense cut was only a small part of the overall £750 million expenditure cut, Wilson gave particular prominence to the reduction in the military budget and the new changes in Britain's East of Suez commitments.

The withdrawal from East of Suez would be faster and more comprehensive than the previous plan outlined in the 1967 *Supplementary Statement on Defense Policy*. British forces would now pull out by December 1971, much earlier than the original mid-1970s target. The UK would end its military presence in the Persian Gulf and pull out its remaining garrison in the Trucial States – something that was left out by the 1967 supplement. But most importantly, Britain would fully renounce its East of Suez commitments and cease its claim as a global military power. Previously, the 1967 supplement insisted that the UK would continue to play a (more limited) role in East of Suez and honor its regional treaty obligations after its departure. This time, Wilson made it clear that the UK would not maintain any military capability for use in East of Suez after 1971 and would renegotiate or reinterpret existing treaties to reflect this new reality.¹²⁸ Britain could no longer play a worldwide role. 'We have been living beyond our means,' the Prime Minister urged his country to come to terms with a more limited geopolitical role that would reflect its resources. He declared that Britain was fundamentally a European power and should focus its future security policy on Europe.¹²⁹

Wilson's historic speech in January 1968 was the ultimate culmination of the decade-long re-evaluation of British overseas strategies. It was motivated by the economic need to rein in the sky-high defense budget and restore the balance of payment and the strategic

¹²⁷ Ibid., 228 – 230.

¹²⁸ Ibid., 230 – 231.

¹²⁹ Ibid.

considerations to reshape the UK from an overstretched global power into a European one. However, the 1968 decision to accelerate the withdrawal and fully renounce the East of Suez commitments was also deeply influenced by the domestic political needs that arose after the November devaluation. The heavy cuts in civil spending – as proposed in Jenkins’ deflationary package - would not be politically acceptable to the Labor left-wing without reductions in defense first. To slim down the welfare state, ending Britain’s military role East of Suez thus became the necessary political price to pay.¹³⁰

Realistically speaking, the final cut to Britain’s role in East of Suez was mostly symbolic. The Labor government already planned to pull out most of the military forces in East of Suez by the mid-1970s; it was dubious whether the UK would be capable of honoring its regional commitments after that. Hence the effects of Wilson’s full renouncement of the East of Suez commitments were largely rhetorical. Financially, the defense cut in 1968 was much smaller and less substantive than the earlier cuts in 1966 and 1967. The government’s own study showed that an accelerated withdrawal would not produce any financial gain in the first two years.¹³¹ Nevertheless, formally ending the East of Suez commitments had huge psychological effects and was symbolically weighty. Therefore, Britain’s remnant commitments in East of Suez, however insignificant they were, was sacrificed for the post-devaluation austerity measures.¹³²

The Aftermath (January 1968 – March 1976)

Compared with the tortuous bureaucratic and diplomatic struggle, the actual withdrawal from East of Suez was mostly smooth and uneventful. The opposition Conservative Party accused the government of abandoning Britain’s overseas responsibilities

¹³⁰ Ibid., 233 – 234.

¹³¹ Ibid., 232 – 233.

¹³² Ibid., 233.

and betraying allies. Its leader Edward Heath pledged to reverse the withdrawal if he were elected.¹³³ But once it came to power in 1970, the Conservative government under Heath quickly realized that reversing the withdrawal was diplomatically and financially impossible.¹³⁴ Many in the Conservative Party also favored a retrenchment from Asia in order to focus on Europe. But most importantly, Heath was constrained by public opinion which had quickly turned against the East of Suez commitments since early 1968.

Initial public reaction to Wilson's January 1968 speech was mild. In a poll taken in the same month, when being asked about what was the best course of action to deal with the financial crisis, 33 percent of the respondents chose defense cut (but not cut in overseas commitments), 24 percent supported cutting forces in East of Suez, 20 percent answered cutting troops deployed in Europe, and only 18 percent supported cutting social spending.¹³⁵ In other words, although a majority favored some forms of reduction in defense, the public had yet to agree upon how it should be cut. Nor had the public uniformly turned against the East of Suez commitments. But this position changed within months. As the Labor government set a clear course for a withdrawal, the policy gained support among the British people. In April 1968, only 30 percent agreed with the Conservative's position to halt the withdrawal and more than 50 percent disapproved of it.¹³⁶ The number would stay consistent throughout the year – clearly indicating the public's approval of the exit from East of Suez.¹³⁷

As a result, when he entered No.10 Downing Street in 1970, Heath left the substance of his predecessor's plan untouched. The only change he made was to push back the final withdrawal date from Southeast Asia to the mid-1970s. The Conservative government terminated the Anglo-Malay Defence Agreement and replaced it with the Five Power

¹³³ Ibid., 231.

¹³⁴ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 185 – 191.

¹³⁵ Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 966.

¹³⁶ Ibid., 979.

¹³⁷ Ibid., 1006, 1114.

Defence Arrangements in 1971. The UK is no longer obliged to defend Malaysia and Singapore; the new treaty only instructs its signatories to ‘consult’ each other in the event of an external attack.¹³⁸ In the Middle East, the UK gave sovereignty to its Gulf client states and helped organize their political systems to prepare them for a future without British protection. Bahrain, Qatar, and the United Arab Emirates became independent in 1971. The final British units left Singapore in March 1976, drawing an end to Britain’s century-long military presence in East of Suez.

¹³⁸ Pham, *Ending ‘East of Suez,’* 231 – 232.

Chapter 5

Explanations for Democratic Retrenchment

In this chapter, I will use the case of Britain's withdrawal from East of Suez to test my hypotheses – each of them corresponds with one of the possible six independent variables - I first outlined in Chapter 3. A hypothesis is true if there are enough qualitative evidence from my case to support it. All the positive hypotheses will allow me to identify which independent variables contribute to a democratic state's retrenchment; from them, I will formulate a generalized explanation for such state behavior at the end of this chapter.

Testing the Hypotheses

Hypothesis #1: Cost

Hypothesis: A democracy is more likely to withdraw from the strategic commitment if its cost becomes unsustainable.

Testing the Hypothesis

Cost consideration is one of the most obvious explanations to why a country retrenches from its commitments. As the cost of the commitments becomes unsustainable, it becomes harder for the country to maintain its commitments and the public is less likely to support the commitments. Hence, I hypothesize here that a democratic state is more likely to retrench if the strategic commitments have become too costly. Can cost explain democratic retrenchment? Did Britain's military commitments in East of Suez become too expensive for it to maintain? And to what extent did cost lead to the ultimate decision for retrenchment?

Considerations for cost were indeed presented throughout the decision-making process before the withdrawal. It was one of the main factors that instigated the reevaluation of the East of Suez policy in the first place: policy-makers wanted to rein in Britain's defense

spending which had spiraled out of control since the start of the Cold War. Despite that its GDP per capita had slipped to 7th place globally in 1965, the UK's military expenditure was still the 3rd largest in the world, behind only the United States and the Soviet Union. Excessive military spending worsened the UK's already precarious balance of payment deficit, held up resources that could have been used for more productive purposes, and conflicted with social welfare programs.¹³⁹ The East of Suez military commitments constituted a disproportionate share of the budget. Expenses in Singapore alone took up 15 percent of all defense spending and 40 percent of overseas defense cost. During the Confrontation with Indonesia from 1963 to 1966, the daily cost mounted to almost £1 million.¹⁴⁰ The situation in the Middle East was not much better, where Britain was entangled in a protracted insurgency war in South Arabia. Financially, it simply became impossible for the UK to maintain commitments to NATO and East of Suez at the same time.¹⁴¹

In the past, the financial burden of Britain's extensive Asian commitments was justified by their economic benefits. Singapore, Malaysia, Australia, and New Zealand were all important trading partners of Britain. And the UK had substantial oil interests in the Gulf. But now, Britain's trade with the Commonwealth had been eclipsed by its trade with Continental Europe and the United States. Singapore, Malaysia, and their immediate region only contribute to 3 percent of British international trade in 1964 (disproportionate to the military investment there).¹⁴² By comparison, exports to Western Europe and the United States made up 50.5 percent of Britain's total export in 1966.¹⁴³ The Gulf oil interests as a justification had also come under scrutiny. Other Western European countries all managed to

¹³⁹ Ibid., 19 – 20.

¹⁴⁰ Ibid., 21 – 22.

¹⁴¹ Ibid., 25.

¹⁴² Ibid., 21 – 22.

¹⁴³ Sanders and Houghton, *Losing an Empire, Finding a Role*, 122-123.

secure the steady flow of Gulf oil without stationing any troops there. So why should Britain maintain expensive bases in the Middle East?¹⁴⁴

More importantly, the economic viability of the East of Suez commitments became increasingly untenable due to intermittent economic crises from 1965 to 1967. Although the absolute cost of the commitments did not increase during this period, their relative cost rose dramatically as the UK's economic situation deteriorated. The mid-1966 seamen strike significantly worsened the already precarious balance of payment deficit and led to a major sterling crisis. The Wilson government was forced to adopt a £100 million emergency cut on overseas spending, reduce troop presence in Southeast Asia, and impose a new £1850 cap on military expenditure.¹⁴⁵

The following year's event only further exacerbated the economic crisis. The combination of failed EEC membership application, the closure of the Suez Canal, oil embargo from Middle Eastern producers,¹⁴⁶ and a prolonged dockworker strike caused devastating losses to balance of payment and led to speculative attacks on the pound.¹⁴⁷ Unable to hold off the huge pressure on sterling, the Wilson government reluctantly agreed in November 1967 to devalue the pound by 14.3 percent – the first devaluation in almost two decades. As a result of the devaluation, the government had to enact a huge deflationary package which included a wide range of austerity measures on the military: defense spending was cut by a further £110 million, the withdrawal schedule from East of Suez would be accelerated, and Britain would officially end its remaining military commitments and defense obligations in the region.¹⁴⁸ Although these measures occupied only a small part of the overall £750 million budgetary cuts and were partly motivated by domestic politics, there

¹⁴⁴ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 139.

¹⁴⁵ Pham, *Ending 'East of Suez,'* 115 – 116.

¹⁴⁶ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 161 – 165.

¹⁴⁷ Pham, *Ending 'East of Suez,'* 201 – 206.

¹⁴⁸ *Ibid.*, 210 – 220.

was no doubt that the consideration for cost was the most important motivation behind these drastic moves. For many in the treasury, only the full renouncement of the East of Suez commitment could rein in defense spending and prevent Britain from being entangling in unnecessary foreign conflicts again.¹⁴⁹

In conclusion, cost consideration was a significant factor behind Britain's withdrawal from East of Suez. Although the absolute cost of Britain's overseas military presence did not increase during this period, its relative cost shot up sharply as intermittent economic crises worsened the British economy. The East of Suez commitments were no longer financially sustainable for the UK government, forcing it to slim down and ultimately fully cut its military presence in the Middle East and Southeast Asia. This confirmed the hypothesis that retrenchment became more likely if the cost of the commitments is no longer affordable.

Hypothesis #2: Public Opinion

Hypothesis: A democratic state is more likely to retrench when the public are against the commitment and in favor of withdrawing.

Testing the Hypothesis

Political leaders in democracies have the incentive to follow the preferences of the public due to their electoral interests. This would supposedly also apply to the public's foreign policy preferences. For this hypothesis to be true, British public opinion must have opposed the East of Suez commitments and supported a withdrawal; and public opinion should have played a role in the Wilson government's adoption of retrenchment.

But reviewing relevant public opinion polls from that period cast doubt upon this hypothesis. Although policymakers' opinion had already turned against the East of Suez

¹⁴⁹ Ibid., 182 – 185.

commitments, there was little appetite among the public before 1967 for a withdrawal. The public was overall favorable to Britain's East of Suez role despite that the majority of them also supported curbing defense spending.¹⁵⁰ From 1963 to 1966, the plurality, if not majority, of the public believed that Britain should remain as a world power, rather than becoming more like 'Sweden or Switzerland'.¹⁵¹ The public was also overwhelmingly supportive of the East of Suez commitments. In a 1965 poll, 53 percent of respondents answered that UK forces should remain in Singapore and Aden.¹⁵² That number dropped to 48 percent in July 1966 but was still well above the 20 percent who wanted Britain to pull out from these countries.¹⁵³

Although in 1966, Whitehall officials were already in the process of planning for a long-term retrenchment, public opinion was still split on the East of Suez commitments, with only a minority preferred a withdrawal. After the publication of the 1966 Defense White Paper, 35 percent favored cutting overseas commitments, 32 percent supported the government's position that the UK was not overstretched and a retrenchment unneeded, and the rest 33 percent were unsure.¹⁵⁴ The public was also yet to agree upon the desired extension of defense cuts. After the defense expenditure cut in July 1967, 18 percent of the public believed that it went too far, 24 percent thought that it was about right, another 24 percent believed that was not far enough, 4 percent were against any defense cut, and the rest 21 percent were sure about their answer.¹⁵⁵ Even in the aftermath of the 1967 devaluation, there was still no uniform public opposition to the East of Suez commitments. When being asked about their preferred austerity measure to manage the financial crisis, 33 percent

¹⁵⁰ Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 429, 940 - 941.

¹⁵¹ *Ibid.*, 684, 723, 762, 790, 859.

¹⁵² *Ibid.*, 834 – 835.

¹⁵³ *Ibid.*, 871.

¹⁵⁴ *Ibid.*, 854 – 855.

¹⁵⁵ *Ibid.*, 940 – 941.

wanted to cut defense spending but not Britain's overseas commitments, 24 percent favored cutting the East of Suez commitments, and 20 percent were supportive of cutting forces in Europe.¹⁵⁶

Public opinion only changed decisively in 1968 – after the Wilson government fully renounced the East of Suez commitments and accelerated the withdrawal in January. As the government set into motion the withdrawal process, voters rallied around the decision. In April 1968, 53 percent disapproved of the opposition leader Edward Heath's promise to halt and reverse the withdrawal and only 30 percent supported it.¹⁵⁷ The percentage of those who were in favor of the Conservatives' position dropped to 26 percent by October.¹⁵⁸ The clear public support for the retrenchment from East of Suez – together with other economic and political factors – deterred Heath from reversing his predecessor's withdrawal after he led the Conservatives to a narrow victory in the 1970 general election.

In conclusion, public opinion did little to contribute to the withdrawal from East of Suez. Before the 1967 devaluation, support for retrenchment never gained real traction. The public's preference to curb defense expenditure did not translate into support for cutting overseas commitments. Public consensus only turned against the East of Suez commitments *after* Wilson formally announced the retrenchment in January 1968. Although public opinion certainly encouraged the subsequent Conservative government to abandon their earlier promise of reversing the withdrawal, it should be noted that other factors contributed to the decision as well. In short, public opinion cannot explain Britain's retrenchment and there is not enough evidence to support Hypothesis #2.

¹⁵⁶ *Ibid.*, 966.

¹⁵⁷ *Ibid.*, 1006.

¹⁵⁸ *Ibid.*, 1075.

Hypothesis #3: Policy Failure

Hypothesis: Retrenchment is more likely after major policy failure or shock.

Testing the Hypothesis

Jeffrey Legro argues that dramatic policy failure is necessary to trigger major policy change. The state has no incentives to change existing policy until shock from a public failure challenges the current policy's justifications and undermines its popular support.¹⁵⁹

Retrenchment clearly is a kind of major policy change: the country gives up long-held strategic interests that until recently it deemed fundamental. Then can policy failure explain democratic retrenchment?

In the case of Britain's withdrawal from East of Suez, that dramatic policy failure would be the sterling devaluation in November 1967. In many ways, the sterling devaluation was indeed the turning point in the UK's East of Suez policy. The first devaluation in almost two decades, it symbolized Britain's post-war economic mismanagement and de-facto ended the sterling's role as an international reserve currency. Economically, the devaluation forced the government to impose extensive austerity measures and rendered Britain's remaining overseas commitments financially untenable. Politically, the devaluation was a major boost to the Cabinet's pro-European faction, who had long argued that the only solution to salvage Britain's stagnating economy was to retrench from East of Suez and apply for EEC membership. Following the devaluation, the prominent Europhile Roy Jenkins was promoted to the office of Chancellor – unarguably the most senior Cabinet position besides from the Prime Minister. This tipped the Cabinet's consensus decisively against the East of Suez commitments. Finally, the devaluation's psychological shock might have caused the shift in

¹⁵⁹ Legro, *Rethinking the World*, 11 – 38.

public opinion on East of Suez. As I have discussed earlier, public opinion had turned dramatically after 1968 – precisely after the devaluation the previous year.¹⁶⁰

To conclude, dramatic policy failure is a significant factor contributing to democratic retrenchment. Had the 1967 Sterling devaluation not occurred, the Wilson government would not have accelerated the troop withdrawal schedule nor would it feel the need to publicly renounce the East of Suez commitments in January 1968; Britain's defense obligations to East of Suez might have survived (albeit only on paper). The devaluation was the turning point in Britain's retrenchment from East of Suez and provides convincing evidence to support Hypothesis #3.

Hypothesis #4: External Influence

Hypothesis: Foreign states who benefit from the commitment will block or delay the retrenchment.

Testing the Hypothesis

No country can formulate its foreign policy in a complete vacuum. Foreign states will try to influence the country's policy-making process to their interests. According to this hypothesis, foreign states who benefit from British military presence – such as Australia, Singapore, or the US – would have prevented or at least delayed the UK's withdrawal from East of Suez.

Britain's partners in East of Suez all benefited from its regional commitments in different ways. To Singapore and the Gulf sheikhdoms, UK military presence was their only deterrence against larger neighbors' irredentist claims. For Australia and New Zealand, keeping Britain committed in Southeast Asia was a way to maximize their security. They

¹⁶⁰ Gallup, *The Gallup International Public Opinion Polls, Great Britain*, 1006, 1075.

viewed British bases in Malaysia and Singapore as their first line of defense against encroaching communist influence from China and Indochina.¹⁶¹ As for the United States, it considered Britain's role in the Middle East and Southeast Asia complementary to its global strategy. By relieving America's burdens in the Third World, British military presence was highly appreciated by Washington, especially when it was bogged down by its intervention in Vietnam.¹⁶²

These allies certainly made an effort to thwart Britain's retrenchment from East of Suez. After learning about its intention, they vigorously lobbied the British government to scrap or at least delay the plan of withdrawal. To that end, allies coerced the Wilson government with threats and wooed it with rewards. The Johnson government warned in 1966 that the Anglo-American special relationship relied upon Britain's military presence in the Middle East and Southeast Asia. Washington also made an explicit linkage between continued American financial support and Britain's East of Suez commitments.¹⁶³ After learning about Wilson's plan of accelerated withdrawal in 1968, Singaporean Prime Minister Lee Kuan Yew threatened to withdraw large his country's sterling deposit from London and ended British firms' monopoly in certain industries.¹⁶⁴ The Sheikh of Abu Dhabi proposed to pay for the full cost of the British garrison if they remained in the Persian Gulf.¹⁶⁵

But was foreign influence really a significant factor in Britain's retrenchment? In other words, did allies' lobbying meaningfully delay or thwart the withdrawal from East of Suez? The answer was no. Allies' complaints did pressure the British government into softening up its tone and making occasional concessions: the 1966 Defense White Paper's statement of UK forces withdrawing from East of Suez 'as soon as possible' was changed to

¹⁶¹ Pham, *Ending 'East of Suez,'* 3.

¹⁶² *Ibid.*, 3 – 4.

¹⁶³ *Ibid.*, 53 – 55.

¹⁶⁴ *Ibid.*, 222 – 223.

¹⁶⁵ Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, 152.

staying ‘as long as conditions allowed’ at the last moment ¹⁶⁶; and the Wilson Cabinet modified its 1968 plan of completing the accelerated withdrawal by March 1971 to December 1971. But these concessions were superficial and failed to appease allies. Allies’ real concerns - a hasty British military departure from Asia and the potential geopolitical vacuum created by it – were not addressed at all. Despite intense protest and economic threats from foreign capitals, however, the Wilson government not only accelerated the withdrawal schedule in 1968 but also went a step further to fully renounce Britain’s East of Suez commitments. At the end of the day, Britain as a sovereign state chose retrenchment out of consideration for its own national interests, not those of its allies. Foreign influence failed to thwart or delay Britain’s withdrawal from East of Suez and cannot explain a sovereign democracy’s retrenchment.

Hypothesis #5: Institutional Setups

Hypothesis: A more centralized political system allows retrenchment to be quickly enacted.

Testing the Hypothesis

Some political scientists, such as Hendrik Spruyt, argue the domestic institutional configuration of a country can decide its speed of decolonization. More specifically, he claims that a country with a centralized political system is more receptive to major policy changes such as decolonization; conversely, a country with a fragmented decision-making process is more likely to delay decolonization.¹⁶⁷ Spruyt evaluates a country’s level of centralization by measuring the so-called ‘veto points’ – political actors whose agreement is

¹⁶⁶ Pham, *Ending ‘East of Suez,’* 74 – 76.

¹⁶⁷ Spruyt, *Ending Empire,* 11 – 15.

necessary for a policy change.¹⁶⁸ Borrowing this theory into my study of retrenchment, I hypothesize that it is easier for a democracy with a centralized political system to enact retrenchment than one with a fragmented policy-making process.

Under Spruyt's standard, the UK belongs to those countries with a centralized political system. The British Westminster system fuses the executive with the legislature: except in very rare scenarios, the executive controls the legislature as head of the majority party. This means that, while the President can be held up by Congress in the American checks and balances system, the UK Prime Minister is less likely to be opposed by a hostile legislature.¹⁶⁹ Additionally, the House of Lords' impotence makes the British parliament de facto unicameral, defusing the possibility of an upper house blocking the lower house or vice-versa. Finally, Britain's first-past-the-post electoral system ensures a two-party system where, unlike in many Continental European countries, the ruling party does not need to rule through a coalition.¹⁷⁰ Without a separate legislature that might check the executive and the need to appease coalition partners, the UK political system is highly centralized and has very few veto points. As long as he or she can maintain consensus in the Cabinet and ensure strong party discipline in the ruling party, the UK Prime Minister can pass legislation and make decisions on matters of defense or foreign policy with ease.¹⁷¹

The politics of Britain's withdrawal from the East of Suez confirms this. After the Cabinet agreed upon the general direction of retrenchment in 1966, it was able to push through the withdrawal with little opposition. The only hurdle was the infighting within the Cabinet over how fast and extensive the retrenchment should be. And although the opposition vigorously criticized the policy, it was unable to stop or delay the withdrawal due to its

¹⁶⁸ *Ibid.*, 31 – 32.

¹⁶⁹ *Ibid.*, 32.

¹⁷⁰ *Ibid.*, 132 – 133.

¹⁷¹ *Ibid.*, 132 – 135.

minority status in the legislature. In conclusion, Britain's centralized decision-making process allowed it to quickly enact its retrenchment from East Suez, confirming my hypothesis here.

Hypothesis #6: The presence of alternative policy

Hypothesis: Retrenchment is more likely if there is a convincing alternative policy to the commitment.

Testing the Hypothesis

Kelly McHugh highlights the importance of alternative policy in policy change. She argues that, in order to convince the public to accept a policy change, the national leader must first offer a convincing and coherent alternative to the existing policy.¹⁷² From her theory, I hypothesize that the presence of convincing alternative policy can contribute to the retrenchment. Was there any alternative policy presented in the case of Britain's withdrawal from East of Suez? What influence did it have on the retrenchment?

The opponents to Britain's East of Suez policy did present an alternative: ending Britain's claim to global power and focusing on its partnership with other Western European states. These Europhiles argued that the UK's pretension to global power through military projection was unsustainable: despite its heavy military presence in Asia, London's geopolitical influence continued to wane and the expensive overseas commitments only further dragged down the ailing economy. According to them, Britain should instead withdraw from its vain commitments in East of Suez and remake itself into a European power by joining the European Economic Community (EEC). Supporters of EEC membership argued that closer economic ties to Western Europe's booming market could bring the British

¹⁷² McHugh, "The Politics of Strategic Retrenchment," 329 – 410.

economy out of perennial stagnation and allow greater technological collaboration; moreover, by leading the EEC from within, the UK could use the bloc to amplify its geopolitical influence.¹⁷³

Reviewing policy debate of that period confirmed that EEC membership was commonly seen as an alternative to the East of Suez military commitments. Advocacies for a closer partnership with Continental Western Europe were almost symbiotic with supports for retrenchment. Many prominent critics of the East of Suez policy, such as George Brown or Roy Jenkins, were also proponents of EEC membership. As the pro-EEC faction grew in the Labor government, they were able to sway the consensus against the East of Suez commitments. Britain's perennial economic difficulties gave credence to their argument and gave further urgency to the need for EEC membership.¹⁷⁴ In May 1967, as it became clear that Britain's defense commitments in East of Suez would come to an end, Wilson reversed his previous opposition and lodged a formal application to join the bloc.¹⁷⁵ In November, Europhile gained almost complete dominance in the Cabinet, with Roy Jenkins ascended to the crucial post of Chancellor after the Devaluation. Wielding the enormous influence of his new office, Jenkins played a pivotal role in the Cabinet's ultimate decision to accelerate withdrawal and fully renounce the East of Suez commitments.

To sum up, a clear and cogent substitute policy existed in the case of Britain's withdrawal from East of Suez and had significant influence in contributing to the retrenchment. This supports the hypothesis that a convincing alternative policy can induce retrenchment.

¹⁷³ Parr, "A Question of Leadership," 439 – 440.

¹⁷⁴ *Ibid.*, 447 – 450.

¹⁷⁵ Parr, "Britain, America, East of Suez, and the EEC," 408 – 414.

Findings and Conclusion

After using the case of Britain's withdrawal from East of Suez to test each of my hypotheses, I have found that Hypotheses #1, #3, #5, and #6 are true, while there is not enough evidence to support Hypotheses #2 and #4. This means that unsustainable costs, the presence of major public failure, centralized institutional setups, and the presence of alternative policy are all relevant independent variables that contribute to democratic retrenchment.

Knowing which factors have explanatory power over democratic retrenchment allows me to answer my research question: What variables motivate a democratic state to retrench from its strategic commitments? And from these variables, I can now formalize a generalized theory of how democratic states retrench from their commitments. A democratic state is spurred into reviewing its current commitments and considering the prospect of retrenchment when the commitments' cost becomes unsustainable and/or highly public failures occurred. The speed of how fast the retrenchment is enacted is decided by the country's domestic institutional setups and the presence of alternative policies. Retrenchment is smoother and speedier in a more centralized political system because it is harder for those who oppose the retrenchment to block it. Retrenchment also becomes more acceptable under the presence of convincing alternative policies.

Chapter 6

Conclusion

In the final chapter of this paper, I will recap my study and findings and discuss the policy implications of my research to the debate of British foreign policy.

Summary of My Study and Findings

A country is conducting a policy of retrenchment when it withdraws from certain strategic commitments in response to its decline in relative power. Strategic commitments here refer to the country's sustained efforts in achieving certain foreign policy objectives in a region, often in the form of direct involvement in a war or conflict, military presence, or support for friendly actors. Retrenchment often marks a dramatic turning point in a country's foreign policy. The country gives up long-held strategic interests that only until recently have been deemed vital. Contemporary history abounds with examples of retrenchment: America's disengagement from the Vietnam War, the Soviet Union's withdrawal from Afghanistan, to name but a few.

But academic understanding for such an important foreign policy behavior is still lacking today. Existing researches mostly address retrenchment either from a historical perspective or for the debate of current events (particularly on US foreign policy). Few have attempted to study the concept of retrenchment as a generalized state behavior or explain what contributes to retrenchment. Due to the constraint of time and resources, I have limited the scope of my research to retrenchment conducted by democracies and have studied only one historical case. Nevertheless, I hope that my paper can fill in the knowledge gap and contribute to the understanding of retrenchment as a generalized state behavior.

With that goal in mind, I have set out the research questions of this paper: Why does a democratic state retrench from its strategic commitments? What variables motivate a

democratic state to retrench from its strategic commitments? And what inhibits it? I hope to find all the factors that are at work behind a retrenchment and using them to construct a generalized theory of how a democracy disengages from its commitments.

To answer these questions, I first reviewed theoretical literature and identified six potential factors that might influence a retrenchment: costs, public opinion, the presence of policy failure, external influence, domestic institutional setups, and the presence of alternative policy. I constructed a hypothesis for each of these six factors and then tested them through a historical case study of the UK's withdrawal from East of Suez.

I have selected the case of Britain's withdrawal from East of Suez because it is a typical example of strategic retrenchment. For centuries, maintaining an extra-European military presence had been the default thinking for Whitehall; Britain's extensive military presence in the Middle East and Southeast Asia was seen as key to its post-war foreign policy – until policy-makers in London started to reevaluate this position in the late 1950s. Moreover, the UK is mature democracy – fitting the scope of my research.

I analyzed the decision-making process behind Britain's retrenchment and looked for the presence of qualitative evidence that might support these hypotheses. In the end, I found that external influence and public opinion bear little effect on the UK's retrenchment; while costs, the presence of major policy failure, institutional setups, and the presence of alternative policy are the relevant factors that influenced Britain's withdrawal from East of Suez. More specifically, I found that high costs of the commitments, highly public policy failure, a more centralized policy-making process, and the presence of convincing alternative strategy can all contribute to a democracy's smooth and speedy retrenchment.

Knowing which factors have explanatory power over retrenchment allows me to construct a generalized theory of how a democratic state retrenches from its commitments. A democratic state is spurred into reviewing certain commitments and considering the prospect

of retrenchment when the commitments' cost becomes too high and/or after the presence of highly public policy failures. The speed of how fast the retrenchment is enacted is decided by the country's domestic institutional setups and the presence of substitute policies. A more centralized policy-making process allows a smoother and speedier retrenchment and makes it harder for the opposition to block or delay the retrenchment. The retrenchment also becomes more acceptable where convincing alternative policies exist.

Policy Implications

The outcome of the 2016 Brexit referendum reopened the debate over the UK's role in the world and led to renewed interests in Britain's 1968 retrenchment. Some Brexiteers explicitly frame leaving the European Union as a reversal of the withdrawal from East of Suez. They argue that the UK, now free from the constraint of the EU, can become a more active player in international affairs and shift its attention eastward to Asia, which is now increasingly the world's economic and geopolitical focal point.

In a regional security conference in 2016, then Foreign Secretary Boris Johnson called the 1968 withdrawal a strategic mistake' and labeled supporters of the retrenchment 'defeatists and retreatists.' He then announced that 'Britain is back East of Suez.'¹⁷⁶ This policy was further confirmed in the 2021 Integrated Review, a major foreign and defense policy document. The review announced an 'Indo-Pacific tilt' and called for greater British presence in the region.¹⁷⁷ The Conservative government led by Theresa May and, later, Johnson has also stepped up military engagement in the Middle East and Southeast Asia. It

¹⁷⁶ Boris Johnson, "Britain is back East of Suez."

¹⁷⁷ UK Cabinet Office, *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development, and Foreign Policy*, 66.

established new military facilities for permanent military presence in the Gulf ¹⁷⁸ and planned to send an aircraft carrier combat group to the Indo-Pacific region in May 2021.¹⁷⁹

Critics, however, denounced this new strategy as overambitious and unrealistic. Some criticized it as being based on imperial nostalgia rather than real national interests.¹⁸⁰ Others argued that the plan overlooked Britain's profound economic and geopolitical partnership with continental Europe, which could not be easily replaced by that with Asian countries.¹⁸¹ And some feared that this expansion in military posture would overstretch the country's already limited resources.¹⁸² Despite the Integrated Review's ambitious vision, the government plans to reduce the size of the army by 9,500, retire a third of Britain's tank force, drop the navy's surface fleet from 19 vessels to 17, amidst other cut-saving measures.¹⁸³ Regardless of the merits of this 'Indo-Pacific tilt', what are the implications of my research if Britain were to sustain its new commitments in the Indo-Pacific and avoid the earlier history of its 1968 retrenchment?

¹⁷⁸ Peter Stubley, "UK Opens Permanent Military Base in Bahrain to Strengthen Middle East Presence," *The Independent*, Apr. 06, 2018, <https://www.independent.co.uk/news/uk/home-news/uk-bahrain-military-base-juffair-royal-navy-mina-salman-middle-east-hms-queen-elizabeth-a8291486.html>.

¹⁷⁹ Nick Childs and Douglas Barrie, "UK Carrier Strike Group: Beginning to Come Together," *International Institute of Strategic Studies*, Feb. 23, 2021, <https://www.iiss.org/blogs/military-balance/2021/02/uk-carrier-strike-group-deployment>.

¹⁸⁰ Jeremy Shapiro and Nick Witney, "The Delusions of Global Britain: London Will Have to Get Used to Life as a Middle Power," *Foreign Policy*, Mar. 23, 2021, <https://www.foreignaffairs.com/articles/europe/2021-03-23/delusions-global-britain>.

¹⁸¹ Martin Kettle, "Like Brexit, Boris Johnson's Vision for 'Global Britain' is an Idea not a Policy," *The Guardian*, Mar. 17, 2021, <https://www.theguardian.com/commentisfree/2021/mar/17/brexit-boris-johnson-global-britain-defence-review>.

¹⁸² Helen Warrell, "Johnson Set to Unnerve Allies with 'Global Britain' Defense Review," *Financial Times*, Mar. 8, 2021, <https://www.ft.com/content/4a002266-21ee-495e-83c6-7baeebfdd52>.

¹⁸³ Dan Sabbagh, "UK Army, Navy, and RAF All to be Cut Back, Defense Review Confirms," *The Guardian*, Mar. 22, 2021, <https://www.theguardian.com/uk-news/2021/mar/22/uk-army-navy-and-raf-all-to-be-cut-back-defence-review-confirms>.

Economic constraints were one of the main factors behind Britain's 1968 withdrawal. Unustainable costs and the waning economic benefits ultimately turned policy-makers against the East of Suez commitments. Whitehall policymakers must be constantly conscious of the costs of extending military presence back to Asia and keep the defense expenditure financially sustainable. The Conservative government must also find solid economic and trade justifications for this 'Indo-Pacific tilt' – without which, the support for the policy might falter in the long term. It must ensure that the benefits of the 'Indo-Pacific tilt' remain more appealing and convincing than other alternative policies. It should also aim to find bipartisan support for the strategy: the nature of the centralized Westminster system means that the opposition has little power over foreign policy decision-making. Without bipartisan support, the 'Indo-Pacific tilt' might be shelved or even reversed under a future Labor government and the Conservatives (as an opposition party) would be powerless to stop that. Last but not least, the government should also steer clear of highly visible policy failure that might damage confidence in the new strategy. A financial crisis, similar to the 1967 devaluation or the 2008 financial crisis, or an unsuccessful foreign intervention, such as the 2003 invasion of Iraq, would be fatal to the new Indo-Pacific strategy.

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