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The state department's intelligence
assessment of the 'Special Relationship' 7
February 1968

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**“What Now for Britain?” The State Department’s Intelligence Assessment of the
“Special Relationship,” 7 February 1968**

Jonathan Colman

The period 1967-68 was an especially difficult one for Anglo-American relations, mainly due to mounting evidence of British decline. In July 1967 Labour Prime Minister Harold Wilson announced plans for withdrawal from the defense role “East of Suez” by the mid-1970s; in October the pound was devalued, reflecting British economic debility; in December President de Gaulle of France vetoed Britain’s second attempt to join the European Community (EC), leaving the country without a distinct international role; and in January 1968 it was announced in the light of continued economic difficulties that the pull-out from East of Suez had to be brought forward. Moreover, the Anglo-American relationship had experienced strain because of Britain’s refusal to provide even a token contingent of troops to support the United States in Vietnam.¹

On 7 February 1968, the day before what proved to be an uneventful visit by Wilson to the White House of Lyndon B. Johnson, Thomas L. Hughes of the State Department’s Intelligence and Research Bureau submitted a lively, detailed and comprehensive appraisal of the nature and value of Anglo-American bonds for the benefit of Secretary of State Dean Rusk.² Hughes pointed out that although the relationship featured a good deal of “sentimentality, rhetoric, and cant” and that the disparity in military and economic power meant that the bonds were far more useful to Britain than to the United States, nevertheless the key foreign policy objectives of the two countries overlapped extensively and Britain was still of unparalleled importance as an American ally. The mutual dealings of the British and American governments were of unusual intimacy above all in the realms of nuclear and intelligence cooperation. Britain was the world’s third nuclear power, with high quality naval and air nuclear capabilities. Its troops in Germany helped to maintain peace and stability on the continent. British forces would remain in Malaysia-Singapore and in the Persian Gulf for two more years, and Britain would be involved in the defense of those areas for the indefinite future. British diplomatic, commercial and cultural connections across the globe would enable continued intelligence collection and diplomatic influence. All-in-all, London and Washington cooperated

¹ Literature on these issues includes Jonathan Colman, *A “Special Relationship”?* *Harold Wilson, Lyndon B. Johnson and Anglo-American Relations “at the Summit,” 1964-68* (Manchester: Manchester University Press, 2004); Saki Dockrill, *Britain’s Retreat from East of Suez: The Choice Between Europe and the World?* (Basingstoke: Palgrave, 2002); Sylvia Ellis, *Britain, the United States and the Vietnam War* (Westport and London: Praeger, 2005).

² Thomas L. Hughes, US Department of State Director of Intelligence and Research (INR), “What Now for Britain? Wilson’s Visit and Britain’s Future,” 7 February 1968, Folder: POL 7 UK 2/1/68, Box 2563, POL 7 UK, Record Group 59, State Department, US National Archives and Records Administration, College Park, Maryland.

“as each does with no other partner,” and it was likely that this state of affairs would continue.

There is, however, little evidence concerning the reception of the document in the Johnson White House. Not least because this was the time of the Tet Offensive in Vietnam, one cannot assume that the memorandum was read with care and attention. In fact, Rusk remained distinctly cautious about the value of the relationship with the United Kingdom – in summer 1968, for example, he pointed out that “Operationally, the US and UK are working on fewer real problems. The concept of Atlantic cooperation could replace the special relationship.”³ Forty years on, though, it is evident that Thomas Hughes’s verdict of a close Anglo-American relationship based on self-interest, and deeply-established, usually low-key cooperation in defense, diplomacy and intelligence is of enduring value. Among other things the memorandum helps to explain the ready blossoming of close and constructive high-level Anglo-American bonds in relation to, for example, the Falklands in 1982, and Afghanistan and Iraq since 2001. The opportunity is taken to reproduce those sections of the memorandum dealing with the Anglo-American relationship.

To: The Secretary
 Through: S/S
 From INR – Thomas L. Hughes
 February 7 1968

Subject: What Now for Britain? Wilson’s Visit and Britain’s Future

Prime Minister Wilson comes to Washington, February 8, at a time when he knows that the UK has never cut a less impressive figure in Washington’s eyes; yet there has probably never been a time when he has hoped more for a demonstration of US affection. Within the last three months, his government has suffered the ignominy of having to admit (by devaluation) that its previous austerity programs had been for nought, of having to accept another French rebuff of its attempt to enter Europe, and of having to concede its inability to remain a world power. Less than a month ago, it was unresponsive to US counselling that it reconsider the massive defense cutbacks that it announced on January 16. Wilson’s and Labour’s popularity is at an abysmal low, and he feels that his country has few friends and no future course that promises sure success. He will be hoping that this visit will at least raise his popularity at home, and will at most restore some of the luster to Britain’s relationship with the US.

This paper examines Britain’s continuing search for a role, assesses the most oft-mentioned alternatives, and analyses the nature and worth of the “special relationship.”

³ NSC meeting, 5 June 1968, *Foreign Relations of the United States 1964-1968* Vol. XII *Western Europe* (Washington: USGPO, 2001), p. 625.

[Abstract, table of contents and eight pages concerning Britain's "search for a role" have been omitted.]

D. The Special Relationship

The special relationship has been pronounced dead as often as Martin Bormann has been reported alive. Indeed, perhaps the best evidence that it is still alive is the fact that its detractors feel obliged to re-announce its death every few months.

There is no doubt that the special relationship has changed a great deal since Churchill first declared it in his Fulton speech of 1946. It is no longer a wartime alliance or even a peacetime alliance of leaders whose personal friendship and trust were forged in wartime. Nor can one deny that its vitality has been waning for some time. A skeptic has said that there is so little of the old relationship left that if it were examined too closely it would be found to be only a Cheshire cat's grin. Another critic has asserted that the relationship is special only in the sense that the relationship between a master and an old family retainer is special – with all this implies about inequality, loyalty, permanence, and toleration of eccentricities.

Some observers, pointing out that the most inflated claims about the special relationship come from London, contend that it is no more than the high-toned name given to conventional practices of cooperation and consultation which Britons ballyhoo in order to compensate for the steady decline of their country's status in the world. Others maintain that it is the sentimental refuge of Americans who are generally uncomfortable with foreigners except the Canadians. Still others hold that it is a unique arrangement between favored partners. It is true that the special relationship today is far less a relationship of interdependence, as the British once liked to advertise it, than one of UK dependence and clientage. It is apparent that it is considered more special by London than it is by Washington. Furthermore, it is undeniable that it carries certain disadvantages for both partners. For one thing, the favored treatment that the UK and the US seem to accord one another incurs the resentment of other allies. For another, de Gaulle has maintained that the special relationship is one of the factors that makes Britain less than fully "European," and, hence, that disqualifies the UK for membership in the EC. Furthermore, some British observers, asserting that the UK has been pressured by the US to play a world role even when it could no longer afford to do so, in order to assure continued US support for sterling, contend that the UK's commitment to the special relationship has helped to drive it to bankruptcy. Finally, critics of the special relationship on both sides complain that because it promises more than it can deliver it leads each partner to be displeased upon find the other less accommodating than could be wished (e.g., Washington's displeasure at London's trading with Cuba; London's at Washington's bombing near Hanoi, etc.).⁴

⁴ The reference is to the official 'dissociation' of the Labour government from American bombing of North Vietnamese POL (petrol, oil, lubricants) facilities near Hanoi and Haiphong in the summer of 1966. The Wilson government considered the bombing especially likely to claim civilian lives, and wanted to placate the Labour

Admittedly, the special relationship contains a good measure of sentimentality, rhetoric, and cant. But it also reflects a significant number of hard facts, palpable practices, and physical arrangements based less on friendship, or gratitude, or loyalty than on calculations of self-interest. It brings demonstrable advantages to both partners.

1. General Characteristics. The special relationship is a relationship of unique intimacy between the governments of two peoples of common language, common tradition, frequently parallel institutions, linked histories, and broadly common interests and outlooks. Britons consider the US to be their country's best friend by a wide margin. By and large, Americans return the compliment. It is all too easy to take these familiar considerations for granted and to deprecate their value, but few would deny that they make US and UK officials feel more comfortable and cooperative with each other, more respectful and more trusting of each other. They make business – in diplomatic and defense matters – easier to conduct.

British and US interests come into contact in an unparalleled [range] of spheres – nuclear strategy, disarmament, multilateral alliance, weapons technology, intelligence, and arms sales and purchases. Each government is affected by what the other does in more situations than either is in its relations with any other ally.

The major foreign policy objectives of the UK and the US coincide with each other more neatly and more often than either's does with those of any other country. Even though the assessments, the tactics, and the policies of the US and the UK are not always identical, by any means, the prospect of their being fundamentally opposed to each other seems (despite the Suez episode of 1956) almost inconceivable.

London and Washington cooperate as each does with no other partner, across the whole range of contacts where their foreign and defense policies converge. They consult together more frequently, more extensively, and more intimately than they do with any third countries. Such consultation is by no means limited to routine diplomatic conversations, even those that occur almost daily, but includes also periodic joint high-level reviews of regional and global problems of mutual concern.

Still another manifestation of the special relationship is Britain's provision of extensive real estate for US military forces. Airfields in England accommodate the US squadrons that had to be moved from France when the latter withdrew from NATO. Holy Loch in Scotland provides a base for our Polaris submarines. The Fylingdales early warning station is directly linked to NORAD [North American Air Defense Command]. Of course, several nations beside the UK also provide air bases; Spain and the Philippines make available both air and Polaris bases; and Canada furnishes early warning facilities, but only the UK provides all three types of installations.

2. Unique Characteristics. It will have been noted that the characteristics described above are not unique in kind. Some of the links that the UK and US each have third countries possess the same characteristics as are found in US-UK ties. Nonetheless, the latter connections are almost inevitably more extensive and more intimate than

Party's left-wing. See Colman, *A "Special Relationship?"*, chapter five, pp.100-117, and Ellis, *Britain, the United States and the Vietnam War*, pp.160-179.

are either's relations of the same type with any other ally, and, going further yet, there are other features of the special relationship that make it quite special. In other words, there are some things that Britain and the US do for each other that they do for no other nation.

At bottom, the most concrete proof that the US and the UK are each other's favored partner is found in the fields of nuclear weaponry and intelligence. Each government provides the other with material and information that it makes available to no one else.

In the nuclear field, the US has sold Britain Polaris missiles; fissionable materials and non-nuclear equipment to be used in nuclear weapons; and a power plant and a fuel load for a nuclear-powered submarine of the Skipjack class. It has furnished the UK information on the design of certain nuclear warheads and selected data on underground nuclear tests. While the UK has undoubtedly benefited more than has the US from cooperation in this field, it has nonetheless provided the US with numerous benefits. Among these have been various contributions to weapons technology, notably an improved high explosive atomic weapon trigger, independent analyses of new weapons designs, and the use of Christmas Island for certain atmospheric tests.

In the intelligence field, the US and UK give each other a greater volume and wider variety of information than either does to any of its other allies. The arrangements provide for exchange of information gathered both from overt and covert sources; for the swapping of estimates; and for the preparation of joint estimates. There is division of Labor in certain geographic and functional fields, and on some areas and subjects each nation is dependent for its intelligence mainly on the other. The British also provide the US with diplomatic reports from capitals where it has no representation. In the intelligence field, as in the field of nuclear weaponry, the UK gets more than it gives, but what it gives is not insubstantial.

In the past, Britain was the only Western power besides the US that had worldwide responsibilities, and, although the US was a superpower and the UK was not, the fact that both were world powers was a distinguishing characteristic of the special relationship. Britain was of special value to the US, not only because of the worth of all the characteristics described above, but also because of what has been called "the strategic value of the residual empire." Britain's far-flung dependencies and Commonwealth affiliates provided an unrivalled network of bases and other military facilities that served US foreign policy interests. Around the globe, these installations provided valuable – in some cases, indispensable – contributions to US security arrangements.

3. Changed Nature of Relationship. All of the global infrastructure is soon to be no more. During the past three years, inexorable economic pressures, fortuitous developments in Southeast Asia, and the reorientation of Whitehall's thinking toward Europe have forced Britain to stop trying to be a world power and have altered the nature of the special relationship.

The recurrence of severe sterling crises has repeatedly dictated drastic and unsuccessful economising. The withdrawal of Singapore from the Federation of Malaysia in August 1965 encouraged the UK to think about pulling its troops out of that area, and the unexpected end of confrontation with Indonesia a year later

removed the major obstacle to their withdrawal. In the meantime, the UK had announced that it would give up its base at Aden when that colony became independent, then scheduled for 1968; this decision meant the hoisting of the western anchor of the historic British presence in the area between Aden and Singapore. The determination, declared in November 1966, to reapply for admission to the EC testified to the UK's conviction that its future lay much more in Europe than East of Suez.

The intensification of the trends reflected in all of above developments led Britain to announce in the Supplementary White Paper of July 1967 that it planned to halve its forces in the Singapore-Malaysia area by 1971 and to withdraw them completely by the mid-'70s. Even after the withdrawal of permanently based forces from the Far East, however, the UK planned to maintain a military capability for use in that area. That capability was to be drawn largely from the strategic reserves stationed in the UK, but the White Paper noted the probability that some naval and amphibious forces would be kept in the Far East and the possibility that certain facilities in Australia would be used and that a new staging airfield would be built in the British Indian Ocean Territory. Although the White Paper was mum on the subject of continued UK presence in the Persian Gulf, other indications were that British forces would remain there at least until the mid-'70s.

Meanwhile, the situation in Aden deteriorated so badly that Britain pulled out three months ahead of schedule, in October 1967. Finally, last month, the UK announced its decision to speed up and continue the whole process – complete withdrawal from Singapore-Malaysia and the Persian Gulf by mid-1971, junking of the plan to develop Aldabra Island in the Indian Ocean, and cancellation of the order for 50 F-111 aircraft that were to have been available for use in the Far East throughout the 1970s.

These cuts in defense expenditures – and commitments – mean that within a few years, the UK will no longer be complementing US power with British forces in the unstable vastness East of Suez. Conventional wisdom holds that a partnership between a big power and a smaller one can last only so long as the former finds it beneficial. Accordingly, it is said, the special relationship can be advantageous to the US only as long as the UK can make a meaningful physical contribution, i.e., with arms, aid, real estate; the provision of comforting consultation and diplomatic expertise, it is maintained, is not enough. Inasmuch as the US will continue to have worldwide responsibilities and vast military, economic, and diplomatic resources, while Britain will not, how can the latter hope still to qualify for the role of favored partner?

4. What Does the UK Still Have to Offer the US? The UK is still the third largest nuclear power in the world. It is significant that, although Britain has had to cut commitments and expenditures all over the map, and to contend with repeated pressures at home and abroad to give up its national nuclear deterrent, it has insisted on retaining it. Britain considers it a major asset – far more important politically than militarily. It is the visible proof of the UK's right to sit at the top table.

Britain intends to maintain a small but high-quality naval and air nuclear capability in the 1970s. It has 600-700 warheads, both air and naval nuclear delivery systems, plants producing both U-235 and weapons-grade plutonium, a weapons

fabrication installation, a weapons laboratory, and the capability build and maintain nuclear-powered submarines. Its aircraft capable of delivering nuclear weapons, the Canberras and the V-bombers, are aging, but the UK expects to replace them with F-4's that it plans to buy from the US. Its Polaris submarines (one launched, three under construction) will constitute an increment (albeit not a completely necessary one) to the total strategic power of the West. Although the Soviet deployment of ABM's will diminish the value of the UK's nuclear forces, the Polaris submarines and the new aircraft will be usable against targets in Eastern Europe and China.

Britain has a not-inconsiderable force in the 55,000 man British Army of the Rhine (BAOR), and we believe that it will keep it substantially intact in West Germany. Even though the BAOR has long been criticised for being undermanned and under-equipped, it remains the third-largest national force that is unquestionably committed to NATO. Its continued presence in West Germany provides several undoubted advantages to the US and the other members of the Alliance; it fills – even if inadequately – a key position on the NATO central front; it keeps NATO from becoming largely a US-FRG [Federal Republic of Germany] alliance; it serves to discourage the unravelling of the Alliance.

This is not to suggest, by any means, that the UK spared the BAOR in the defense cutbacks announced on January 16 mainly for the sake of the special relationship. The British value the BAOR for the voice that it gives them in the councils of East and West that will eventually settle Germany's place in Europe. It underlines the priority that current British policy gives to Europe, especially the aim of gaining admission to the EC. Finally, it enables the UK to maintain its army in being at a lower cost than it could do at home.

Of course, the fact that the BAOR escaped the axe last month does not mean that its current size is assured permanently. It must still hurdle the perennial "offset" problem with the FRG. Anglo-German Ministerial talks to renew arrangements for offsetting the foreign exchange costs of the BAOR for the period beginning on April 1, 1968 are scheduled to start on February 8. The British would of course like full offset for their foreign exchange costs, which they have estimated at about £90 million for 1968/69. German offset purchases of military and civilian goods last year amounted to about £50 million and they are not expected to go much beyond that this coming year.

There are signs, however, that point to the possibility of a favorable resolution: 1) Officials in both the UK Foreign Office and the Defense Ministry want to avoid further drawdowns of the BAOR this year and will do whatever they can to keep this from happening. 2) Chancellor of the Exchequer [Roy] Jenkins, unlike his predecessor, James Callaghan, has not been insisting that the BAOR would have to be reduced to whatever level was covered by the German offset. 3) Further cutbacks in the BAOR would seem to fly in the face of the new Europe-oriented defense policy that the UK has just announced. 4) Although the FRG maintains that it finds itself in a tight budgetary situation, German officials indicated to Embassy Bonn in December that the FRG will satisfy the British in one way or another.

It should not be overlooked, moreover, that even though Britain's eventual withdrawal from East of Suez has been announced, UK forces are not pulling out of Malaysia-Singapore and the Persian Gulf immediately. Although we would not be surprised if pressures both in Britain and in those areas led the UK to withdraw

earlier than the announced date of December 1971 (experience has shown that almost nothing works to speed evacuation as much as the announcement that it is to take place at some fixed future date), we believe that the British will maintain a presence in Southeast Asia and the Persian Gulf for at least another couple of years. During that time they can continue to provide for the US certain of the benefits – albeit to an ever-decreasing degree – that they have provided in years past. They will still be in a position to support friendly governments and to try to help keep the peace between potentially conflicting local forces. They will still have an entrée in areas where the US would be less welcome.

Even after the UK has withdrawn from Malaysia-Singapore, it will probably remain involved in the defense of the area in some peripheral way. Wilson's statement to Commons, January 16, that the UK would retain a general capability in Britain and in Europe that could be deployed overseas admittedly does not inspire much confidence, but the UK is apparently still planning to maintain at Gan in the Maldives an airfield that could be used as a staging point and to take part in five-power defense talks with Malaysia, Singapore, Australia, and New Zealand next summer. We would not expect these talks to lead to the recommitment of British troops to the area, but they could well lead to some kind of military assistance. The UK has already promised to hand over to Singapore two large air defense radar installations (near Penang and east of Tengah) and to provide about 100 technicians to help to operate them, and it has offered to furnish some surface-to-air missiles and to train pilots and aviation technicians.

In the Persian Gulf, even after withdrawal, which is currently expected to take place about three months earlier than that from Southeast Asia, the UK will retain a staging facility on Masirah Island, off the south coast of Muscat. A Defense Ministry official told Embassy London last month that this facility will be retained to enable the British to maintain a route option to the Far East via the Turkish-Iranian corridor. Moreover, British political influence over the various Arab sheikhdoms of the area will tend to persist past 1971 and London has indicated a willingness to provide limited technical and military assistance to them for some years to come.

However limited the degree of UK presence in the Far East and the Middle East will be after the 1971 withdrawals, it is unthinkable that British interests and influence in those areas will disappear just because there are no longer soldiers and sailors to protect and promote them. This has not happened to France or to the Netherlands in analogous situations.

The UK will retain its two Sovereign Base Areas in Cyprus and will continue to have two squadrons of Canberra bombers. One of the V-bomber squadrons will be based on Cyprus, while the other will remain in the UK but will be earmarked for CENTO [Central Treaty Organization]. British officials hope that their troops in Libya (about 1,000 each in army and air units) can be maintained until the expiration of the UK-Libyan Treaty in 1973.

British forces in Malta will be maintained and may be increased slightly. At least part of the amphibious force to be withdrawn from the Far East may be transferred to the Mediterranean to avoid the scrapping of ships and the demobilization of men, as well as to provide increased protection for NATO's southern flank.

In the intelligence field, the UK's withdrawal from Malaysia-Singapore and the Persian Gulf will seriously curtail its collection capability in those areas, but it will not end it. British diplomatic, commercial, and cultural connections should make possible continued worthwhile intelligence collection. Elsewhere, Britain can be expected to continue to make valuable, even unique, contributions in this field.

Thus, until – and even after – the massive retrenchments announced by Wilson on January 16 have been completed, the UK, for the reasons given above, will still have the capacity to be highly useful to the US. Britain will still have a greater variety of responsibilities than will any other US ally. Its interests will still converge with ours more than will those of any other ally. At least for the next few years, it will continue to spend about £2 billion a year on its armed forces and to be the world's no. 3 nuclear power. It will still have unparalleled experience, expertise, and entrée and will therefore be able to carry out undertakings of benefit to the US in diplomacy, intelligence, and technology. For all its loss of power, it will reckon that it still has strong claim to the position of the United States' favored partner. It will hope that the US agrees, even though it may well wish to adjust the publicity about this special position to the sensibilities of the French and other West Europeans who have the last word on Britain's entry into the EC.