Introduction: British World Policy and the White Queen’s Memory

T. G. Otte

This tendency to read history backwards – in effect, to have the White Queen’s memory – has led to a misunderstanding of events.

Keith Neilson

Writing at the end of 1901, Sir Francis Bertie, a senior Foreign Office official, advised against abandoning Britain’s established policy of limiting liabilities abroad, because it would entail ‘the sacrifice of our liberty to pursue a British world policy’. In its specific contemporary context, it was a thinly veiled comment, dripping with heavy irony, on Wilhelmine Germany’s pretensions at Weltpolitik and their potentially disruptive effect on British interests. Yet it also touched on a fundamental truth about British power in the long nineteenth century and beyond, well into the first half of the twentieth. Alone amongst the powers of the day, Britain was a global power. Her national interest was defined with reference to a wider global setting; her international position rested on her global economic, naval and political presence; and her foreign policy operated on a global scale. However, if Bertie reasserted the global range of British interests and policy, his comments were also suggestive of the constraints placed on the country’s ability to pursue such a world policy.

Scholars of Britain’s external relations in the nineteenth and twentieth centuries readily acknowledge the global nature of their subject. Yet in practice, they tend to dissect it along bilateral lines or with an exclusive focus on the imperial periphery. The tension between Britain’s global strategic interests and its ability to safeguard them has likewise long been

the subject of scholarly debates, invariably accompanied by more or less explicit assumptions about the nation’s decline in the twentieth century. Already Arnold J. Toynbee, in reflecting on the origins of the Second World War, contrasted Britain’s assumed position as ‘the arbiter of Europe’ from around the time of the War of the Spanish Succession at the beginning of the eighteenth century until the final years of peace before 1914 with the country’s reduced circumstances in the interwar period. In a similar manner, more recent works, such as Corelli Barnett’s declinist trilogy or Paul Kennedy’s account of the rise and fall of Great Powers, take as their starting point the British empire as the greatest power in the world. And yet, such assessments exaggerate both the extent to which Britain reigned supreme and the degree and speed with which the country’s power and influence seeped away. As Keith Neilson argued in a seminal article in 1991, notions of Britain’s decline as a Great Power at the beginning of the twentieth century are ‘greatly exaggerated’. Assumptions of British dominance, however, are no less overstretched.

This volume takes its inspiration from Neilson’s insight, and seeks to throw into sharper relief the material elements of British power but also its less tangible components. Historically, the most obvious, the most prominent, though not consistently the most effective, element of British power was the projection, and indeed the use, of military force. Until the period between the two world wars, naval power was the main instrument of safeguarding the country’s strategic interests and protecting its global possessions. Naval dominance was also used to contain, through the threat or the actual deployment of force, any power with ambitions for continental hegemony. In the decades after the Second World War successive British governments considered the nation’s now more

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precarious influence to rest on its nuclear capability. However much the global reach of Britain’s armed forces continued to diminish, the ambition of most cabinets remained – in the memorable phrase of the then foreign secretary Douglas Hurd (1990–95) – to ‘punch above our weight’. It articulated a sentiment that continued to shape British policy until the beginning of the twenty-first century.8

Force projection as an enabling instrument of foreign policy required material foundations of its own. It is generally held as axiomatic that ‘wealth is . . . needed to underpin military power’.9 The two are mutually reinforcing. It is no crude materialism to conclude that wealth was needed to maintain armed forces, and that armed forces were used to protect and, oftentimes, to acquire yet more wealth. From the seventeenth century onwards, Britain’s trading prowess and her financial capacity, the facility it gave – through paper instruments, credit devices and bills of exchange – to transfer large funds over distances and between countries or continents, reinforced her naval power.10 The growing commercial empire and the country’s early industrialization placed it in an advantageous position. Above all, they were convertible into political coinage. British guineas not only kept the Royal Navy in gunpowder, they also helped to equip the country’s continental allies and to lubricate the alliances with them.11

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9 Kennedy, Rise and Fall, xvi; W. H. McNeill, The Pursuit of Power: Technology, Armed Force and Society since AD 1000 (Chicago, 1984 (pb)).


Conversely, financial muscle, later referred to as the ‘fourth arm of defence’, enabled Britain to meet the challenges of other powers in peacetime, such as the Anglo-Russian antagonism in Central Asia, the most persistent and significant long-term threat to British interests. Here nineteenth-century governments were imbued with a sense of British strength. Lord Salisbury was even prepared to embark on what amounted to a revolutionary policy, using Britain’s financial leverage to force Russia to curb her expansionism in the region: ‘We must lead her into all the expense that we can in the conviction that with her the limit of taxation has almost been reached, & that only a few steps further must push her into revolution over which she seems to be constantly hanging.’

Similarly, it was more than a characteristic flourish of hyperbole when, as Chancellor of the Exchequer, David Lloyd George assured the German ambassador in 1908 that he was ready to expend the gigantic sum of £100 million to maintain Britain’s relative naval superiority.

In the course of the long nineteenth century Britain’s economic dominance was slowly eroded as other nations caught up with her industrial development. The demands of international competition meant that the sinews of power were more important than ever before, but also that military power now began to consume a larger share of the country’s wealth; and this at a time when Britain’s political class was reluctant to tap into the existing financial wealth, for instance, by means of progressive taxation. Britain’s defensive strength, noted the Chancellor of the Exchequer in 1903, rested ‘upon our financial not less than upon our military and naval resources, and I am bound to say that in the present condition of finance it would...be impossible to finance a great war, except at an absolutely ruinous cost’. Shortly afterwards, he became more alarmed still: ‘however reluctant we may be to face the fact, the

12 Salisbury to Morier (private), 16 September 1885, Morier MSS, Balliol College, Oxford, box 21/1, for reflections on the persistence of the Russian threat see Neilson, Britain and the Last Tsar, 368–69 et passim.
time has come when we must frankly admit that the financial resources of the United Kingdom are inadequate to do all that we should desire in the matter of Imperial defence. Technological advances and more sophisticated industrial production methods as well as growing manpower demands ate into Britain’s maritime predominance. The greater financial outlay now entailed in naval construction programmes no longer guaranteed quantitative advantage of the kind enjoyed by the Royal Navy at the beginning of the century.

Global conflict exacerbated the situation, so much so that, by the middle of the First World War, Britain’s financial dominance had evaporated. Fighting the war and preserving the alliance with France and Russia entailed exporting significant amounts of gold reserves to America to secure loans for the joint purposes of the Allies. It meant maintaining what was in effect ‘an inverted pyramid standing on the Dollar exchange’. Not to keep that pyramid upright was no option either. Cutting down on military supplies, the Minister of Munitions argued, ‘because these three great rich countries cannot afford to incur another hundred million indebtedness [sic] to America is the height of stupidity’. The shift in financial power also had political consequences: ‘We cannot get on without America either during or after the war. For the moment let us keep very quiet . . .’

The exigencies of war left Britain in a more precarious financial position. If she was not yet altogether financially hamstrung, she had nevertheless ceded her position in global finance to the rising power of America. Threadneedle Street receded into the deepening shadow cast by Wall Street. Ensuring international financial and thus political stability was now a matter for America to ponder. It lay beyond Britain’s capacity, as Lloyd George impressed on President Woodrow Wilson in 1919: ‘If Great Britain could shoulder any considerable share of the responsibility

19 Preamble of Anglo-French Boulogne Agreement, 22 August 1915, The National Archives (Public Record Office), T 172/256.
she would do so. As she cannot, the responsibility must rest principally on the shoulders of the United States.\textsuperscript{23} There, of course, it rested on uneasy sufferance. Even so, in 1939, Neville Chamberlain still thought it possible to use finance to deter Hitler and to use the prospect of credit and strengthened commercial ties as an inducement for the German leader to moderate his policy: ‘We have at last got on top of the dictators.’\textsuperscript{24} The relative recovery in the 1930s notwithstanding, the war had transformed finance from a facilitating element of international power into a constraining one.\textsuperscript{25} The Second World War worsened matters further. Almost from the outset of the war it was recognized that it would be necessary ‘to bring in the USA’ for financial reasons and with a view to America’s superior industrial capacity.\textsuperscript{26} Matters were not helped by post-war piecemeal fiscal tinkering. In consequence, financial constraints shaped British policy in the short twentieth century.\textsuperscript{27}

The third material factor underpinning Britain’s ability to pursue her own world policy lay in London’s ability to mobilize imperial resources, raw materials and manpower reserves, more especially so in times of war. They supported British war efforts in limited colonial campaigns and, more especially, during the two world wars in the twentieth century. The Empire’s contribution in both these conflicts was a significant force multiplier. It amplified Britain’s war-making prowess, and it her gave greater political influence in the wartime alliance.\textsuperscript{28}

\textsuperscript{23} Lloyd George to Wilson, 26 June 1919, Lloyd George MSS, Political Archive, House of Lords, F/60/1/16.
The fourth element of British power bore no material aspect—diplomacy. Yet despite its elusive nature, it was scarcely less significant than the material elements. To no small degree, its reach and effectiveness were determined by them. Britain’s naval power or financial prowess lent greater weight to the words of the government in London and its representatives abroad. If British guineas kept wartime allies furnished with gunpowder, it was diplomatic nous that helped to facilitate the peaceful adjustment or settlement of disputes. Frequently, it forged peacetime combinations with other powers, or groups of powers, to preserve peace wherever possible and to defend British interests abroad whenever necessary. Usually, its ‘essential business’, as the diplomat Sir Rennell Rodd commented in the 1920s, was ‘vigilance to maintain the balance of power’. 29

The different strands of Britain’s global power can easily be dissected and separated under the historian’s powerful magnifying lens. But that would be to miss their most important aspect. Each of the strands on its own was important, but their practical effectiveness and overall historical significance rested on their being interwoven through a myriad of hubs and nodes. In this they resembled the curious and amorphous nature of the British empire itself. Whether, as Sir John Robert Seeley famously quipped in the 1880s, Britain had ‘conquered and peopled half the world in a fit of absence of mind’, remains debatable. 30 That there was something haphazard and elusive about Britain’s imperial possessions and her wider, global presence will hardly be contested. 31 Both were characterized by a blend of the formal and the informal. From the late Victorian period onwards, the empire took on a more formal aspect, with direct rule over imperial subjects, often conquered peoples, at its core. But it also had a significant accretion of ‘white’ Anglo-European settlements, in effect a form of ‘reproduction of British society overseas through long-range migration’, predominantly but not exclusively from the British Isles. 32

Alongside these formal elements were looser networks and informal

29 Sir R. Rodd, *Diplomacy* (London, 1929), 47. Rodd had been Britain’s long-serving ambassador to Italy.
systems of long-range interaction in the shape of commercial and financial ties as well as information and knowledge transfer.

The mixture of formal and informal, material and intangible, solid and more volatile elements lies also at the heart of this volume of essays. Its contributors cast their nets widely and let them drag at deeper levels to haul up some of the elusive aspects of British power. Maritime dominance and the industrial and technological head start enjoyed by Britain in the nineteenth century underpinned also some of the cultural aspects of the British world system. Ideas and information were disseminated by books, magazines and newspapers and, later on, by news communications technology, such as submarine telegraph cables and then wireless. London, as the imperial metropolis, was the political and commercial centre of the Empire, and it enjoyed a form of information hegemony which gave greater cohesion to the British-controlled world. Conversely, it derived a significant portion of political and other intelligence from outlying parts overseas. Intelligence gathering and processing capabilities were one element of British power in the period examined in the essays in this volume.

The theme of Britain’s physical location at an information crossroads is taken up by John Robert Ferris in his examination of war trade intelligence efforts during the First World War. Processing and applying relevant, trade-related information supplied by signals intelligence shaped British intelligence for economic warfare. Here, as in so much else, the 1914–1918 war acted as a powerful stimulant. Before August 1914, the British authorities misunderstood the nature and the value of modern economic warfare. Indeed, beyond broad but vague assumptions about the necessity of blockade measures, they scarcely recognized the imperative need for systematic intelligence gathering for them. It was almost the flipside of the Nelsonian myth that so dominated naval thinking of the period. There was a profound irony in all of this. Immediately following the outbreak of war, official policy collapsed. Yet Whitehall swiftly responded to the challenge, not so much because officials recognized the full extent of the problems involved in economic warfare, but because of Britain’s position in global communications and information processing. They did not know it, but the British authorities had at their disposal intelligence fit for economic warfare. Between 1914 and 1919 no fewer


than 80 million telegraphic messages were intercepted by war trade intelligence. If the authorities had not expected to have to wage an intelligence-led campaign of economic warfare before 1914, they were none the less in a position to fight it. They were able to draw on a loose network of non-governmental experts, mobilizing their commercial and technical expertise for the economic war effort. The Trade Clearing House was a case in point. Its offices were populated by academics and barristers, commercial lawyers and commodity traders, literary types and city gents who coordinated and disseminated commercial intelligence from all sources. The intelligence digests produced by this motley crew of secret economic warriors helped to inform senior officials and ministers about the war effort of the Central Powers; and they shaped Whitehall preparations for post-war commercial competition in the event of a stalemate peace. In this manner, war trade intelligence amplified Britain’s war-making capabilities. It also facilitated – yet another unanticipated consequence of the war – gender equality. Some 15 per cent of war trade intelligence officers were female, and – more remarkably still – they were given equal pay.

Secret information of a different type was the main staple of foreign policy. The gathering and utilizing of information was a vital function of Britain’s foreign policy apparatus, as T. G. Otte shows in his chapter on the Foreign Office as a ‘knowledge-based’ organization. The growth of modern diplomacy brought with it the need for an institutionalized, central administrative machinery to conduct and control foreign policy. Progress in that direction was haphazard and slow, and it was not until 1782 that the Foreign Office was established as the organizational hub of British foreign policy. Throughout its history the department showed great flexibility in its internal arrangements. In many ways, indeed, its nature and development reflected the growth of the modern British state. Its principal concern, however, was with the effective gathering, processing, storing and retrieving of information relevant to foreign policy. In that sense the Foreign Office was a ‘knowledge-based’ organization.

Knowledge, as such, is an amorphous concept, influenced by all manner of assumptions about what is worth knowing and how and why it should be known. While the canon of subject-specific knowledge was liable to evolve in relation to changing external requirements, the Foreign Office remained the central repository of arcane knowledge and controlled access to it. This also explains why the registry was central to

the efficient functioning of the department. It was vital to the storing and
distribution of knowledge. As with other parts of the Whitehall machin-
ery, wars or the prospect of conflict acted as an important spur in the
growth of the Foreign Office as a knowledge organization. The
Napoleonic wars drove home the need for systematic and standardized
internal procedures. Throughout the nineteenth and twentieth centuries,
however, there was a mismatch between the necessities of international
diplomacy and what the Foreign Office was equipped to achieve; and in
this respect, too, it reflected the general nature of the British state. Its
staffing levels remained static from 1848 until the outbreak of the First
World War. In the face of repeated demands for additional personnel the
Treasury proved habitually deaf. Registering despatches and other policy
papers thus fell into arrears, and this hampered the Foreign Office’s
ability to function as the nerve centre of British diplomacy. It was not
until the great internal reform of 1905 that the department’s machinery
was overhauled. The 1905 arrangements were chiefly about enhancing
the Foreign Office’s functionality as a knowledge organization that could
swiftly receive, classify, analyze, archive and distribute information for
practical policy purposes. Even so, Treasury stinginess saw to it that the
department’s staffing requirements were cut down. In consequence, the
finely adjusted machinery designed in 1905 broke down during the First
World War, and the Foreign Office become something of a “pass-on”
Department. The emergence of prime ministerial diplomacy and of
other, competing bodies further diminished the Foreign Office’s role in
foreign policy analysis and decision making. Peace in 1919 brought
reforms, but the department never regained its influence. The Second
World War further reduced its role. It was now just one of the Whitehall
departments involved in policymaking.

Secret information was – and still is – in the possession of a professional
or political elite. Yet information and perceptions of the outside world
also influenced the wider public, as the two chapters by Zara Steiner and
Dominic Lieven show. The nexus of public sensitivities and political
decision making is crucial to any understanding of British foreign policy,
more especially so in the period of the two world wars.37 Before 1914,
Zara Steiner reminds us, the newly emerging tabloids, catering for the

36 Bertie to Hardinge (private), 25 June 1916, Hardinge MSS, Cambridge University
Library, vol. 22.
37 For some reflections on this see Neilson, Britain and the Last Tsar, 84–109; and Neilson,
‘Tsars and Commissars: W. Somerset Maugham, Ashenden and Images of Russia in
British Adventure Fiction, 1890-1928’, Canadian Journal of History 27(3) (1992),
475–500; also P. M. H. Bell, John Bull and the Russian Bear: British Public Opinion,