President Johnson, Prime Minister Wilson and the Slow Collapse of Equilibrium, 1964–68

Moving on from ‘secret’ histories

Historians’ views of the transatlantic financial diplomacy of the later 1960s have been dominated by the idea of a secret deal made between President Lyndon Johnson and Prime Minister Harold Wilson in 1965, trading US financial help for a continuation of Britain’s world defence role. This notion has become extremely widespread, often taken for granted in historical writing. There was a high level of co-operation between the two men: as a number of writers have made clear, Wilson and Johnson shared a number of unspoken objectives which may have tied the interests of the two leaders together without any formal pact. However, the difficulty with arguments focusing on their ‘deal’ is that such work often underestimates the extent to which the British were able to manipulate the relationship to their own ends, given that the Americans still required British help, and needed therefore to support Britain, in a number of fields – diplomatic, economic and military.

This emphasis on a secret transatlantic accord is part of a wider critique of the Wilson governments: that they unquestioningly carried on playing by the ‘rules of the game’ laid down in traditional British foreign policy, including dependence on the USA. In political science terms, this critique emphasises ‘accommodation’, ‘incrementalism’ and ‘continuity’ within the British political elite: the liberal world trade and payments system had to be protected as a key interest for a trading nation with a declining currency, and the best way to carry this out was an association with the USA as the country with what the economist Susan Strange once termed the ‘top currency’.

These arguments echo the suspicions of the contemporary left, including some of the members of Wilson’s own Cabinet. In his diary, the left-wing Cabinet Minister Richard Crossman constantly returned to his dislike of the Bevinite ‘gamble’ of attempting to ‘recreate the Anglo-American axis’, a strategy to which he thought the Prime Minister too committed,
allied to the ‘fantastic illusion’ of maintaining British military power east of Suez which was ‘solely the PM’s line’.6 Wilson’s own economic adviser, Thomas Balogh, continually bemoaned American pressure for a deflation which might cause the whole economy to ‘cascade’ downwards.7 The idea of a ‘deal’ went far beyond the left: George Brown, Secretary of State for Economic Affairs and on the right of the party, argued that the deflationary measures of July 1966 had been prompted by the fact that Wilson was ‘too deeply committed to Johnson. God knows what he has said to him.’8 Wilson’s Chief Whip, Edward Short, thought that such an agreement had been sealed before Labour even took office; the newspaper magnate Cecil King thought that the British had agreed to take no ‘drastic action’ on their global military role or the pound at least until the American Congressional elections of November 1966.9

Both Wilson and Callaghan have denied the existence of any formal agreement.10 However, the Prime Minister does seem to have put great store by his relationship with Johnson, noting on a number of occasions that a personal approach to the President might cut through the niceties of multilateral negotiation.11 Wilson sent a number of revealing personal minutes about the British economy to Johnson, which mainly attempted to show the British situation in the best possible light.12 This showed the Prime Minister’s usual confidence in the efficacy of his own personal diplomacy and negotiating skills, for instance telling the Cabinet in December 1965 that, despite the difficulties of his visit to Washington, ‘once I met the President it went like a bomb’.13 The President’s view of Wilson, on the other hand, seems to have varied from grudging respect, even bonhomie, to angry contempt.14 By August 1965 Johnson caricatured Wilson privately as ‘like a reckless boy that goes off and gets drunk and writes checks on his father, and he can honor 2 or 3 or 4 of them ... finally [you have to] call him in and just tell him, now we’ve got to work this out where you live off what you’re making’.15

The challenge for historians is to move on from these contemporary personal judgements, and to see Wilson and Johnson’s policies in their proper context. This should, for one thing, include British ministers’ conviction – expressed in their secret Chequers meeting of November 1964 – that Wilson’s willingness to uphold the UK’s global presence had more to do with the absurdity and unlikelihood of a war in Europe than it did with helping the Americans.16 It is just possible that Wilson’s commitment to this relationship, combined with Britain’s relative weakness, made him yet another tool for achieving American objectives. But right from the start of his term in office the actual archival records of the Prime Minister’s dealings with the Americans show him resisting, as well as agreeing with, many of their aims. The two men’s first face-to-face meeting as national leaders saw Wilson counter – albeit in a measured and quiet manner – American demands that Britain enter the Vietnam War, cut social spending at home