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The business and the politics of decolonization: the British experience in the twentieth century[1]

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Historians are increasingly interested in the role of British business in the ending of the British empire. A succession of books, articles, and theses based on an interrogation of newly available business and government papers has examined business-government relations during the decolonization of particular territories.[2] In surveying the subject literature of business, government, and decolonization, this article synthesizes a set of currently disparate case studies and provides a general assessment of the roles of British entrepreneurs, firms, and commercial associations in the process of retreat from empire.

In so doing, it is possible to scrutinize paradigms which have postulated a close relationship between British businesses and British governments during the end of empire. Neo-marxist, neo-colonial analyses view decolonization as a pre-emptive strategy in which British governments, serving the interests of metropolitan capitalism, cynically anticipated and outmanoeuvred colonial radicalism by prematurely transferring political sovereignty to 'moderate' nationalists.[3] Neo-colonialism has already been taken to task by Fieldhouse in his monumental work on multinational enterprise in the Third World, and it is not the intention of this article to re-trace those arguments.[4] A more sophisticated, more current, and less determinist paradigm is that put forward by Cain and Hopkins in their ambitious synthesis of British imperialism. These authors have proposed a close link—developing particularly from the 1850s onwards—between financial and commercial interests in the City of London and imperial policymakers in Whitehall, Westminster, and Threadneedle Street. After 1945, this

[1] An embryonic version of this article was read at the Overseas and Commonwealth History Seminar, Pembroke College, Cambridge, on 30 October 1997. I am grateful to participants for their constructive comments, and to anonymous referees for the advice received on an earlier version.

[2] Misra, 'Entrepreneurial decline'; *idem, Business, race and politics*; *idem*, 'Gentlemanly capitalism'; Stockwell, 'Business, politics, and decolonization'; *idem*, 'Political strategies'; *idem, Business of decolonization*; Tignor, 'Decolonization and business'; *idem*, *Capitalism and nationalism*; White, 'Government and business divided'; *idem*, *Business, government, and the end of empire*; *idem*, 'Frustrations of development'; *idem*, 'Gentlemanly capitalism'.

[3] For a classic statement of the neocolonialist approach, see Magdoff, 'Imperialism without colonies'. For a case study of Kenya, see Wasserman, *Politics of decolonization*.

[4] Fieldhouse, *Unilever overseas*; *idem, Black Africa*; *idem, Merchant capital*. Essentially, Fieldhouse argues that in the case of Unilever, and its subsidiary, the United Africa Company, multinationals were rarely in control of political events. New business strategies—such as local manufacture—were reactionary rather than anticipatory. Moreover, safe colonial investments were now classified as capital at risk: imperial relationships were clearly changed by political decolonization.

'gentlemanly capitalist' alliance concentrated on a brief burst of development in the sterling area. This was followed in the 1950s and 1960s by the smooth dismantling of empire in which the City's interests were largely preserved. At the same time, it was calculated that invisible earnings would be greatly enhanced by emerging opportunities in Europe and North America.[5] As Cain and Hopkins tell us, 'by moving with the nationalist tide, Britain hoped to benefit from informal ties with the Commonwealth while simultaneously promoting sterling's wider, cosmopolitan role'.[6] The present article is not concerned with Britain's 'disengagement' from empire and its moves towards Europe. Rather, it will examine the second strand to Cain and Hopkins's decolonization thesis: the degree to which British businesses and British governments cooperated both in the postwar economic development of the colonies and in the political development of the multi-racial Commonwealth.

In support of Cain and Hopkins, it is possible to map an extensive network of contacts between imperial government and imperial business. Business leaders continued to sit alongside officials on wartime and postwar legislative and executive councils in the colonies, as well as on the mass of advisory committees in both metropole and periphery set up to supervise and administer the 'second colonial occupation'. If the colonial state was not always responsive to managerial lobbying 'on the spot', executives in the City had privileged access to ministers and mandarins in the Colonial Office, the Bank of England, the Treasury, and the Board of Trade.[7] In terms of party political influence, a remarkable set of connections between imperial business and Tory ministers and backbenchers has been revealed.[8] The worlds of imperial business and imperial governance were further cemented by Japanese-style 'descents from heaven' as officials joined company boards. Meanwhile, frequent dinners and receptions were a feature of 'gentlemanly capitalist' society. In areas of British influence rather than administration, such as Iran, British banks and oil companies had long acted as 'agents of empire' in blocking the predatory tendencies of other great powers.[9]

Moreover, in the short term at least, British economic influence was maintained in the new Commonwealth. The transfer of political power for British firms in territories such as Malaya, the Gold Coast, and Kenya was favourable as independent regimes remained in the sterling area and chose development strategies heavily reliant on foreign investment. Even for territories where more statist development models were followed, such as Nigeria, British commercial banks, shipping lines, and import-export firms were remarkably successful in maintaining their positions.[10] Consti-

[5] Cain and Hopkins, *Innovation and expansion*, pp. 35-6; Cain and Hopkins, *Crisis and deconstruction*, pp. 265-91.

[6] Cain and Hopkins, *Crisis and deconstruction*, p. 266.

[7] Stockwell, 'Business, politics, and decolonization', pp. 49-52; White, *Business, government, and the end of empire*, pp. 34-6, 100-1.

[8] Murphy, *Party politics*, pp. 89, 91, 92, 100; White, *Business, government, and the end of empire*, pp. 36-8.

[9] Bostock and Jones, 'Business in Iran', p. 44.

[10] Tignor, *Capitalism and nationalism*, pp. 276-86.

tutional advance, it would appear, rarely blighted the prospects for British business overseas.

Yet, neither circles of business-government contacts nor favourable results of devolution prove commercial influence over the decolonization process. There are three major problems—shared throughout the empire—with the Cain and Hopkins model. The first section of the article questions whether colonial business networks can be defined as 'gentlemanly capitalist'. The second points to a fundamental lack of unity between business and government thinking on development and decolonization issues. The third further refines the 'gentlemanly capitalist' approach by emphasizing that there was often little sign of unity *within* either business or government circles. The study then moves on to examine the wider set of motives, beyond the narrow concern with purely British business interests, which frequently underpinned British imperial policy in the decolonization era.

One obvious criticism of existing case studies of business-government relations is that they tell us little about the process of decolonization as a whole.[11] This article seeks to rectify the particularist pitfall by ranging across most of Britain's dependent empire in India, Africa, and south-east Asia.[12] It also examines territories in the Middle East—Egypt and Iran—which were not formally part of the empire. As a consequence of their economic and strategic importance to Britain, however, the Middle Eastern territories were considered integral to the postwar 'imperial system'. As well as Africa and south-east Asia, Cain and Hopkins point to Britain's 'informal empire' in the Middle East as an area where 'gentlemanly capitalism' was particularly active after 1945.[13] Additionally, this article focuses on the Congo where the sudden Belgian withdrawal in 1960 impinged upon British mining interests.

I

The colonial business world slots uneasily into the 'gentlemanly capitalist' frame. Cain and Hopkins tell us that in the 1950s the links between the City, the Bank of England, and Westminster were as robust as ever, lubricated by the predominance of Old Etonians in the top echelons of the resurrected 'gentlemanly order'.[14] Likewise, Thompson has emphasized that the top positions in the City between 1945 and 1970 remained the preserve of well-to-do, Eton-educated members of financial dynasties.[15] Colonial business elites, in contrast, did not move comfortably in these charmed circles. Business and government leaders connected with the empire did not constitute a homogenous, interchangeable elite. In India, before the Second World War, many of the senior partners in the Calcutta agency houses were not educated at public schools. There

[11] Cain and Hopkins, 'Afterword', p. 218.
[12] There are still gaps, however; notably in the Caribbean and the Pacific.
[13] Cain and Hopkins, *Crisis and deconstruction*, p. 279.
[14] Ibid., p. 267.
[15] Thompson, 'Pyrrhic victory', p. 295.

was a preponderance of Scots, particularly in the jute industry, and relations with the Platonic 'guardians' in the Indian Civil Service (ICS) were always strained. A high degree of snobbish contempt for the 'pesky boxwallahs' was expressed by the 'little tin gods in Simla'.[16] Officials portrayed expatriate business leaders as ungodly and unpatriotic disciples of mammon, lacking in gentility. In 1939 the Finance Member of the Government of India, Sir James Grigg, was so disenchanted with the managing agents that he confessed, 'Personally I wouldn't mind if every British businessman in India disappeared tomorrow'.[17] Not surprisingly, the social worlds of Raj business and Raj governance rarely overlapped: as one ICS man recalled of interwar Calcutta, 'The civil service didn't hob-nob with the British businessman. . . . Clubs were separate.'[18] Malaya's hairy-kneed—and often Scottish—rubber planters had separate bars in the European clubs and were not expected to fraternize with the linen-clad—and mainly English—civil servants. Few of Malaya's business leaders in the 1950s—either 'on the spot' or in London—were 'public-school'.[19]

In response to these criticisms, Cain and Hopkins have recently restated their definition of 'gentlemanly capitalism'. They now argue that the 'gentlemanly capitalist complex' did not 'either at home or abroad . . . extend very far down the social scale' beyond 'large landowners, leading City bankers and senior figures in the civil and defence services'. Nevertheless, there is still the possibility that 'outstanding success in business held out the prospect of provisional membership of the elite, especially as the entrepreneur distanced himself from his working origins by becoming a boardroom figure'.[20] Certainly, almost all colonial territories possessed a dominating and officially well-connected 'boardroom figure' in London who might be described as a provisional member of the 'gentlemanly capitalist' elite.

Yet, the social backgrounds and personality traits of these figures seldom endeared them to senior officials. Malaya's business leader in the City was the self-educated, self-made Scot, Sir John Hay. Hay was managing director of Guthrie & Co and a director of the Mercantile Bank. Hay's business acumen and expertise on rubber matters was universally respected; his truculent personality, on the other hand, was universally reviled. Commenting on one of Hay's general tirades against postwar policy in Malaya, one senior administrator in Singapore observed to the Colonial Office in London that: 'We, of course, all know John Hay and we do not take his outbursts too seriously.'[21] Precisely because Hay was outside the elite, British diplomats feared him as an uncontrollable 'loose cannon'. Hay's tendency to 'send up' the 'hackles' of Malayan

[16] Misra, 'Entrepreneurial decline', pp. 152-4; *idem*, *Business, race and politics*, pp. 29-30.
[17] Cited in Tomlinson, *Political economy of the Raj*, p. 53.
[18] Cited in Misra, 'Gentlemanly capitalism', p. 162.
[19] For the very different social and educational backgrounds of Malayan officials and boxwallahs, see White, *Business, government, and the end of empire*, biog. app., pp. 282-95.
[20] Cain and Hopkins, 'Afterword', pp. 216-17.
[21] PRO, CO 537/4504, Hone to Poynton, 30 Dec. 1948.

ministers was believed to be a danger for British interests generally in the post-independence situation.[22] An equally 'rugged Scottish individualist', Sir William Fraser, dominated the world of Iranian business. Fraser was chairman of the Anglo-Iranian Oil Company (AIOC) which was swiftly nationalized, following the coup in 1951 which brought to power the radical nationalist, Musaddiq. Fraser apparently possessed 'a razor-keen business brain', but his uncompromising attitude during the nationalization crisis convinced officials at the Ministry of Fuel and Power and the Foreign Office, as well as the governor of the Bank of England, that his retirement was long overdue. Foreign Secretary Anthony Eden was 'horrified at the suggestion that Sir William Fraser should go out to Persia to conduct negotiations'.[23]

In contrast to the rough-and-ready business leaders of Malaya and Iran, the Gold Coast possessed a 'gentlemanly capitalist' *par excellence* in the form of Major-General Sir Edward Spears, chairman of the Ashanti Goldfields Corporation (AGC) and a member of the board of the Bank of British West Africa. A former Tory MP and companion of Winston Churchill, Spears had had two 'good' wars and, on the accession of his friend Oliver Lyttelton to the Colonial Secretaryship in 1951, believed the empire could be saved 'at the eleventh hour'.[24] Spears surely must be permitted full membership of the 'gentlemanly capitalist' elite, but this did not guarantee him influence with senior officials. To the Colonial Office, Spears's reactionary and obstructive nature came to be regarded as a major embarrassment. His outspoken views, particularly on the quality of African politicians, were clearly out of kilter with official policy in West Africa after 1948. In seeking to preserve the voting rights of European commercial interests in the Gold Coast legislature, for example, Spears argued in the course of 1950 that, 'it would surely be a grave mistake to apply the rules of a fully developed democratic machine to a country in its political infancy', especially since rising African politicians such as Kwame Nkrumah 'could not by any definition be described as either reasonable, responsible or representative of the great mass of Africans'. To Sir Andrew Cohen, head of the Africa division in the Colonial Office, such blimpish statements seemed 'both unreasonable and ill-advised' from the perspective both of Spears's own business interests and 'of relations between this country and the Gold Coast', while the Colonial Office's Permanent Under-Secretary, Sir Thomas Lloyd, believed that 'Sir Edward Spears is being very foolish indeed'.[25]

During the Congo crisis, some 10 years later, a frequent visitor to, and correspondent with, the Foreign Office was Captain Sir Charles Waterhouse, chairman of Tanganyika Concessions Ltd (popularly known as 'Tanks'), a director of the Belgian mining conglomerate Union Minière

[22] PRO, DO 35/9901, G. W. Tory, High Commissioner, Kuala Lumpur to A. W. Snelling, Commonwealth Relations Office, 23 Feb. 1959.

[23] Louis, 'Musaddiq', pp. 247-8.

[24] Stockwell, 'Business, politics, and decolonization', p. 48.

[25] PRO, CO 96/821/8, Spears to Cohen, 10 May 1950; Spears to Cohen, 6 Oct. 1950; minutes by Cohen and Lloyd, 12 Oct. 1950.

du Haut Katanga, and another former Tory MP. In Parliament, Waterhouse had distinguished himself as a leading opponent of withdrawal from the Suez base in 1954; he was a constant critic of decolonization throughout Africa. He should be accorded at least a temporary billet in the 'gentlemanly capitalist' camp. But, while Waterhouse had cordial relations with Foreign Secretary Lord Home, his opinions on the need for British support for the secession of the southern mining province of Katanga were not respected by Foreign Office officials. As one sardonically commented in August 1960: 'We can do without Capt W[aterhouse]'s "informed views" '.[26]

Equally, many imperial business leaders were contemptuous of public servants and politicians. In India, Misra has pointed out that most chief executives and senior managers had no interest in holding public offices because such positions absorbed valuable time which could be better employed 'making money'. The shipping baron Lord Inchcape, who held public positions in India himself, and encouraged his senior managers to do likewise, was a rare exception.[27] According to Louis, Sir William Fraser's disagreements with the Foreign Office over Iran stemmed from an 'open contempt for civil servants'. 'He was generally scornful of those who chose to earn their living by working for the state, and he was specifically disdainful of their knowledge of the oil industry.'[28] Imperial business views of Whitehall are best summed up in the words of Old Etonian and mining magnate turned politician, Oliver Lyttelton, who had discovered long before the decolonization epoch that, 'The ignorance of Government departments of the "market", or of the impact of quite simple transactions upon it, is only matched by their brazen commercial methods.'[29]

II

Given the social and ideological divisions between officials and commercial specialists, it should not seem strange that the thinking of imperial business was generally at odds with many of the tenets of postwar imperial policy. Moreover, business dissent was frequently ignored by mandarins, ministers, and proconsuls. Cain and Hopkins do accept that the 'powerful and cohesive gentlemanly elite' could endure 'considerable internal debate about the best means of attaining broadly agreed goals'.[30] Yet, if 'gentlemanly capitalism' is to retain any validity as an explanatory concept, it must be possible to identify a degree of 'like-mindedness'[31] on the part of imperial government and imperial business concerning the big, fundamental issues—in this case, development and decolonization. It is to be expected that the less-than-genteel planters, miners, and traders on

[26] James, *Congo crisis*, p. 32; Murphy, *Party politics*, pp. 95, 112, 114.
[27] Misra, 'Entrepreneurial decline', p. 166; *idem*, 'Gentlemanly capitalism', p. 160.
[28] Louis, 'Musaddiq', p. 247.
[29] Cited in White, *Business, government, and the end of empire*, p. 42.
[30] Cain and Hopkins, 'Afterword', p. 217.
[31] Cain and Hopkins, *Innovation and expansion*, p. 28.

the periphery would be divorced from cosmopolitan London thinking, but it also happens that the 'provisional gentlemanly capitalists' in the City boardroom were far from content with official end-of-empire strategies. The 'broadly agreed goals' stressed by Cain and Hopkins prove elusive. Not only was the 'precise [development and decolonization] route to be taken' questioned, but the 'general direction of policy' was also rejected by many imperial business leaders.[32]

British companies were regarded as central to the British push towards colonial development, especially after 1947 when the Treasury came to see dollar-earning and dollar-saving empire production as the means to domestic economic rejuvenation.[33] Moreover, in independent territories outside the sterling area which had accumulated large sterling balances during the war—for example, Iran and Egypt—British officials believed it essential that British firms dominate external transactions to protect the home country's precarious postwar balance of payments.[34]

For British businesses operating overseas, however, development frequently entailed costs and frustrations. For example, the Bank of England's slow release of wartime sterling balances after Egypt left the sterling area in 1947 frustrated the business plans of British investors and traders.[35] At the same time, colonial regimes were increasingly interventionist; *dirigisme* was resented by the unreconstructed free-marketeers in the City business world. Rising local tax burdens—essential to finance development and welfare schemes—were a particular bone of contention between business and colonial government in the Gold Coast, Malaya, and even settler-dominated Kenya. Business hackles were also raised over the Labour government's progressive social welfare package for the empire, and in particular, colonial labour policies which legalized trade unions through standardized practices and codes. The introduction of such well-meaning legislation in both West Africa and south-east Asia was blamed by British businesses for postwar labour radicalism.[36] The growing intrusion of the colonial state into the domains of imperial private enterprise was epitomized in West Africa by the wartime rise of the marketing boards which forced the British trading houses out of the commodity trades. In Nigeria, these state monopolies rose to become the central features of the postwar commercial landscape.[37] There had been similar disenchantment with the 'overabundant interference' of government 'in natural economic areas' in interwar India: planning and industrialization were lambasted for their 'socialistic leanings'. The managing agents also resisted the establishment of 'responsible' apolitical trade unions—a means, government believed, of preventing nationalist influence

[32] Ibid., p. 29.
[33] Stockwell, 'Business, politics, and decolonization', p. 10; White, 'Frustrations', pp. 108-10; Butler, *Industrialization*.
[34] Bostock and Jones, 'Business in Iran', pp. 55-6; Tignor, *Capitalism and nationalism*, p. 28.
[35] Tignor, *Capitalism and nationalism*, pp. 36-41.
[36] Stockwell, 'Business, politics, and decolonization', pp. 65-8, 72; White, 'Frustrations'; *idem*, *Business, government, and the end of empire*, ch. 3; Tignor, *Capitalism and nationalism*, pp. 300-2.
[37] Tignor, *Capitalism and nationalism*, pp. 214-17; Fieldhouse, *Merchant capital*, chs. 6-7.

over, while simultaneously raising the efficiency of, labour. The boxwallahs argued that they knew their workers best and India's economic backwardness made it unsuitable for Western-style labour legislation.[38]

While colonial governments were seen to be doing too much in the fields of development and welfare, they appeared to be doing too little in the sphere of law and order. Postwar disturbances in the Gold Coast, especially the Accra riots of February 1948, elicited from the business community a torrent of criticism of policing and security provision.[39] The Malayan government was to be constantly harangued from the late 1940s to the mid-1950s on its response to communist-inspired strikes and insurgency.[40]

The most disturbing aspect of British official policy after 1945, however, was the encouragement given to political change in the colonies. The feared bogey was that independent regimes would use state power to nationalize (with or without compensation) sectors of the economy previously dominated by expatriate enterprise. Nationalization appeared a distinct possibility in a number of Britain's decolonizing territories because many of the anti-colonial movements taking shape by the 1950s espoused some form of socialism. In Egypt and Iran, on the other hand, more assertive governments from the early 1950s also took their anti-capitalist cue from Islamic thinking. Above all, colonial political change produced an atmosphere of uncertainty.

In settler Africa, the Commonwealth and Empire Industries Association and the Joint East and Central Africa Board were major opponents of the Macmillan government's policies during the early 1960s.[41] The Joint Board, under the leadership of ex-Colonial Office Minister, Lord Colyton, did support the decision of Colonial Secretary, Iain Macleod, to release the Kenyan nationalist leader, Jomo Kenyatta, in 1961. In doing so, it bowed to the advice of the leading 'liberal' settler politician, Michael Blundell, on the need for managed change.[42] Yet, there remained considerable anxiety among the British business community in Kenya. The Lancaster House conference of 1960, which opened up the possibility of Black African majority rule, began an efflux of foreign funds from Kenya which was not stopped by the victory of the conservative, 'multi-racial' coalition between the New Kenya Group and Kadu in the 1961 elections or by the beginnings of Blundell's second term as Minister for Agriculture. Moreover, the ambitious land scheme of 1962—which transferred 1 million acres from European-owned farms to Africans—had little or nothing to do with the influence of progressive industrial, commercial, and plantation interests. Rather, it was the result of compromises hammered out by the Colonial Office and the reactionary settlers. Indeed, British business interests were not impressed by the 1962 scheme, fearing that it would prove harmful to the long-term efficiency of the export

[38] Misra, *Business, race, and politics*, pp. 147-60.
[39] Stockwell, 'Business, politics, and decolonization', p. 71.
[40] White, *Business, government, and the end of empire*, ch. 3.
[41] Kahler, *Decolonization in Britain and France*, pp. 265, 303-6.
[42] Murphy, *Party politics*, p. 105.

economy. When Kanu triumphed in the 1963 elections, which presaged Kenyan independence, the party was under the moderate leadership of the recently released Kenyatta. But, despite Kenyatta's reassuring statements, Kanu's attitude towards expatriate capital remained imprecise and ill defined. It was not until the 1970s that the merger of Kanu and Kadu brought about a pro-capitalist development strategy and the final destruction of the Kanu left. British business remained extremely nervous concerning Kenyan politics for some years after independence.[43]

At the same time, British businesses were far from happy about political developments in the Central African Federation: 'the Joint Board appeared to be set on a collision course with the government from about the end of 1960'.[44] Lord Colyton was highly supportive of Sir Roy Welensky's White-dominated regime, and the Joint Board acted as an important outlet for pro-Federal propaganda in opposition to government policy. But Macmillan, Macleod, and the 'wind of change' could not be resisted.

Business opposition to the pace and nature of decolonization was not confined to East and Central Africa. AGC was extremely hostile to constitutional change in the Gold Coast. Fearing penal taxation and socialization in an independent Ghana, AGC's directors from the late 1940s mounted a campaign—through their Conservative Party and media links in the UK, as well as petitioning of Colonial Office ministers and mandarins—to curb the powers of the Nkrumah regime. This they attempted, first, through lobbying to try to secure commercial members of the legislative council,[45] and, secondly, by calling for a federal constitution. In the latter strategy, the AGC lent support to the Ashanti-dominated federalist party, the National Liberation Movement, in its campaign against the southern-dominated Convention Peoples' Party (CPP).[46]

Yet, generally the case of AGC and Sir Edward Spears illustrates the limits of business influence on decolonization policy, even for a firm and an entrepreneur with extensive Tory Party contacts. Even the gentlemanly Tory minister, Oliver Lyttelton, was not prepared to secure commercial representation against the wishes of Gold Coast politicians. Such was the importance attached in the Colonial Office to developing good relations with Ghana's emergent political elite that by 1954 this traditional aspect of colonial politics had disappeared entirely from the Gold Coast.[47] Meanwhile, federalism was rejected by the Colonial Office as unsuited

[43] Tignor, *Capitalism and nationalism*, pp. 357-83.

[44] Murphy, *Party politics*, p. 105.

[45] The Unilever subsidiary, the United Africa Company, also campaigned with AGC on the issue of political representation for expatriate business—though less vociferously: PRO, CO 96/800/5, CO 96/821/8, CO 96/822/1, CO 554/333; Stockwell, 'Business, politics, and decolonization', pp. 112-22; Fieldhouse, *Merchant capital*, pp. 347-53.

[46] Stockwell, 'Business, politics, and decolonization', pp. 222-3; Murphy, *Party politics*, p. 108.

[47] PRO, CO 554/333. Between 1951 and 1954, six members of the legislative assembly were elected by the European-dominated chambers of commerce and mines; only two of these, however, were permitted to vote. After 1954, the AGC campaign continued to try to gain British business representation in a second chamber. This was also rejected in August 1955: PRO, CO 554/969-70.

to a small territory such as Ghana, and politicians and officials generally expected the transfer of power to a strong CPP regime 'and the necessity of doing so in a way which would not damage relations with the Gold Coast'.[48]

British mining conglomerates—particularly 'Tanks'—lent similar support to regionally based parties during the disintegration of the Congo which followed Belgium's sudden withdrawal in 1960. As happened in the Gold Coast, links were exploited with the Conservative Party to try to secure a stable and pro-Western future for Katanga province where the majority of the Congo's international mining investments were located. Fearing the centralist and socialist tendencies of Patrice Lumumba's regime in Leopoldville, the interconnected mining conglomerates centred on 'Tanks' attempted to gain international support for Katangan independence, which was declared in July 1960. Although Sir Charles Waterhouse was a frequent dinner partner of Foreign Secretary Lord Home during the crisis, the Macmillan government eventually fell into line with US insistence that the Congo should remain a single state and, hence, agreed to the UN military operation between December 1962 and January 1963 which terminated Katanga's brief autonomy.[49]

In Nigeria, by way of contrast, the political problem for expatriate business interests stemmed from regionalism rather than centralism. As in the Gold Coast, British business had protested at their loss of political representation in legislative bodies. These genuine anxieties were further compounded by the rise of African-led regional governments after the introduction of a new constitution and elections in 1954. In both eastern and western regions, the regimes of Azikiwe and Awolowo, respectively, pursued statist economic policies designed to undercut the power of foreign investors and promote indigenous entrepreneurship. To make matters worse for British business, the rise of regional state capitalism was accompanied by a growth in peculation and heightened regional competition and ethnic tension.[50]

The wedge driven between officials and commercial leaders by political devolution had a longer pedigree in India. The arch-devolutionist, Lionel Curtis, had been told in 1917 that constitutional reform in the subcontinent would place expatriate businesses 'at the mercy of the Bengal zamindars and lawyers'.[51] Business opposition to the reforms of 1919, which allowed Indian ministers to take some responsibility for government departments such as Commerce and Industry, was ineffectual, however. The 1935 Government of India Act, which looked forward to Indian ministerial control of provincial governments and eventual Dominion status, was another blow to the British business community, and starkly illustrated the limited influence of the agency houses on governments in both Delhi and London. The commercial safeguards written into the new

[48] Murphy, *Party politics*, p. 110.
[49] Ibid., pp. 112-17; James, *Congo crisis*, pp. xii-xiii, 32, 137.
[50] Tignor, *Capitalism and nationalism*, pp. 246-62.
[51] Misra, *Business, race, and politics*, p. 165.

constitution were believed to be of limited value. They could be activated only by the Viceroy who was highly unlikely to risk overturning legislation passed by an Indian-dominated assembly. The marginalization of the commercial Raj vis-à-vis the official Raj was completed by the Cabinet Mission of 1942 (which was designed to relieve the political impasse created by Congress's non-participation in government). The mission's leader, Sir Stafford Cripps, was apathetic concerning the fears of the business community. To Cripps's mind, British business had already had 'a good innings' in India and he would not support either a guarantee against future expropriation or a postwar trade treaty. Instead, Cripps believed British firms should help themselves by adopting the rupee as the currency of account and encouraging their executives to take out Indian citizenship. The lack of business influence over the pace and nature of constitutional reform was confirmed by the independence settlement. The British government failed to negotiate a 'most-favoured-nation' trade agreement or an Anglo-Indian tax convention.[52] Moreover, the partition of East and West Bengal split the businesses of the managing agencies, and the Burma trade disappeared overnight.[53]

In postwar south-east Asia, the British business elite was appalled by official support from 1951 for Dato Onn's Independence of Malaya Party, which aimed for multi-racial support. As it turned out, Onn and his new party, Party Negara, were annihilated in the 1955 elections for internal self-government by the anti-communist, pro-business alliance of community parties. Despite Tunku Abdul Rahman's determination to continue the colonial war against the Malayan communists, to remain in the sterling area, and to preserve the position of foreign investment, British business interests remained highly sceptical concerning the future for an independent Malaya. The Alliance could easily disintegrate, leaving British business in Malaya at the mercy of a heady cocktail of inter-community bloodshed, Muslim extremism, and renewed communist subversion. Sir John Hay in 1954 informed the other heads of British agency houses that 'there was still a hard core of communist leadership which might seek other means of expression than through violence' and 'there did not exist the indigenous personnel qualified to administer the Government of a modern state'.[54] In the summer of 1956, one British investor in the tin industry, Lieutenant-Colonel S. E. Scammell, advocated selling up since he had little faith in the Tunku's assurances to foreign enterprise: 'We have seen often enough—in Indonesia, in the Argentine, in Brazil, in Egypt, in Persia—how much such promises are worth . . . . solemn pledges given to foreign capital fly out of the window when Independence enters at the door.'[55]

[52] Ibid., pp. 166-80.

[53] Jones, *Merchants of the Raj*, ch. 3.

[54] Guildhall Library, London, Rubber Growers' Association council minutes, 64, 15 April 1954, Report of Malaya Committee, p. 4.

[55] Merseyside Maritime Museum, Liverpool, Ocean Steam Ship Company, 4.B.111/1, copy of letter from Scammell to Shareholders of Tekka Taiping Ltd, 14 July 1956 enclosed in Mansfield & Company (Singapore) to Sir John Hobhouse, Alfred Holt & Company (Liverpool), 10 Aug. 1956.

Moreover, no imperial business leader could have failed to observe the conspicuous worldwide failure of British governments to protect British commercial interests from the predatory instincts of determined postwar economic nationalists, the Iranian oil nationalization of 1951 being a glaring example. In light of the Exchequer's inflexible attitude to royalty and dividend payments, AIOC executives blamed the Treasury in London for the nationalization. Iranian nationalists had thus become convinced that AIOC was acting as 'an agent of the British government in depriving the Iranian government of the revenues to which it was entitled'.[56] In another Middle Eastern territory, Egypt, there were serious schisms between British public authorities and economic interests, which culminated in another unfortunate nationalization. In the early 1950s, progressive Anglo-Egyptian business interests advocated British military withdrawal from the Suez base, arguing that the hostility of Egyptian nationalists was prejudicing their long-term position. But, in light of the Cold War, neither Cabinet nor Chiefs of Staff would contemplate evacuating an emplacement which guarded against Soviet expansion into both western Europe and the Middle East.[57] In October 1954 Britain did agree with Egypt to withdraw all forces by the summer of 1956. The Nasser regime also revised restrictions on foreign equity holdings and devised development programmes which anticipated cooperation between public and private sectors. Yet, the Anglo-French-Israeli military adventure of October-November 1956 completely overturned this position. Following the aborted invasion, Nasser—who had already nationalized the Suez Canal Company—now sequestered all remaining British, French, and Jewish assets.[58]

III

Another complication with the 'gentlemanly capitalism' thesis is that it tends to overlook the reality that neither imperial business nor imperial government constituted a unified entity. It is true that colonial capitalism often took the form of a cluster of interdependent interests. In the Gold Coast, Kenya, Malaya, or Iran, British banks, trading firms, shipping companies, and enterprises engaged in primary and secondary production were fused together by a maze of interlocking directorships and cross-shareholdings.[59] In the City, these interests were further cemented by commercial associations, for example, the Rubber Growers' Association and the Joint East and Central Africa Board.

Yet, this does not mean that individual business persons or companies had shared views on decolonization issues or always acted together in

[56] Ferrier, 'Anglo-Iranian oil dispute', p. 170.

[57] Tignor, 'Decolonization and business', pp. 493-5, 501-3; *idem*, *Capitalism and nationalism*, pp. 57-60.

[58] *Idem*, 'Suez crisis'; *idem*, *Capitalism and nationalism*, pp. 127-42.

[59] Bostock and Jones, 'Business in Iran', p. 39; Stockwell, 'Business, politics and decolonization', pp. 23-4; White, *Business, government, and the end of empire*, pp. 29-30; Wasserman, *Politics of decolonization*, pp. 41-2.

uniform solidarity. In the Gold Coast, for example, the business community was rarely united behind the AGC in its campaign to obstruct the path to power of Nkrumah's CPP. The trading firm Holts, the West African arm of the petroleum multinational Shell, and the diamond-mining consortium CAST, took a more progressive stance and distanced themselves from Spears.[60] In Malaya, the tin-mining industry was drastically bifurcated into two competing camps; the longer-established, smaller-scale 'Cornish' firms squared up against the rationalized, larger-scale companies under the management of Anglo-Oriental (Malaya) Ltd controlled by the London Tin Corporation (LTC). While the Cornish took a consistently reactionary stance (opposing the development of both moderate trade unions and multi-racial parties), Anglo-Oriental adopted a more realistic approach and developed close ties and a 'community of interest' with the ethnic Chinese miners.[61] In the Federation of Rhodesia and Nyasaland, prominent British firms dissented from the 'official', pro-Federal line of the Joint East and Central Africa Board led by former Minister of State for Colonial Affairs, Lord Colyton. For example, the copper baron Ronald Prain, chairman of Rhodesia Selection Trust, argued in 1960 for talks on a Northern Rhodesian constitution and accommodation with leading 'moderate' nationalist, Kenneth Kaunda.[62]

Outside formal empire, in postwar Egypt, British business interests were divided over key decolonization issues such as localization of management and ownership, as well as the knotty problem of withdrawing the British military presence. As a means of alleviating the rising tide of economic nationalism in the early 1950s, firms such as Anglo-Egyptian Oil, a subsidiary of Shell, embraced Egyptianization and supported military evacuation of the Suez base. Not so the gerontocratic French and British directors of the Suez Canal Company who were supported by British shipping interests. Egyptian managers, it was believed, would not be capable of operating the canal efficiently, while any British military evacuation would leave international shipping at the mercy of 'terrorist politics'.[63]

The most hopelessly divided British business community could be found among the cluster of managing agency houses in interwar and wartime India. Constructive policies put forward in the early 1930s by Sir Edward Benthall of Bird & Co, and supported by the government of India, for the development of a multi-racial capitalist party as a counterbalance to Congress were frustrated by the 'conservatives' in the European Association. The self-styled 'Royalists' remained suspicious both of Indian entrepreneurs and of politicians, and launched campaigns from 1931 to frustrate further devolution and secure the position of British capitalists by treating them as a special minority analogous to the Indian Muslims.

[60] Stockwell, 'Business, politics, and decolonization', pp. 23-4, 45, 112-13, 119, 123, 214; *idem*, 'Political strategies'.

[61] White, *Business, government, and the end of empire*, pp. 267-8.

[62] Murphy, *Party politics*, p. 106.

[63] Tignor, 'Decolonization and business', pp. 493-4, 497-8; *idem*, *Capitalism and nationalism*, pp. 97-9, 119.

But Benthall and the 'liberals' rejected such negative strategies. Rather, the managing agencies would be better served by a post-independence commercial agreement alongside a political alliance with pro-capitalist Indians. But even the unity of the 'liberals' was scuppered in February 1942 when Lord Catto of the largest managing agency, Andrew Yule, argued for the abandonment of the commercial guarantees written into the 1935 Government of India Act. This totally destroyed Benthall's bargaining position: he hoped to abandon the safeguards only after the successful negotiation of an Anglo-Indian trade treaty.[64]

As Murphy shrewdly observes, the divided strategies of business interests in Africa allowed 'other political considerations, particularly the paramount concern of handing over power to a stable administration . . . to take precedence in British colonial policy'.[65] This conclusion can equally be applied to territories outside Africa. Clearly, splits and schisms undermined the bargaining power of imperial business and its credibility with government during the final years of empire.

Concurrently, business influence on imperial policy was nullified by conflict and variety within government. As Stockwell has observed in the case of Ghana, 'there was not a single "official mind" '.[66] Cain and Hopkins do accept the possibility of 'disputes about policy', 'behind closed doors', between Whitehall and Threadneedle Street, and do concede that the 'gentlemanly capitalist' 'family' was 'obliged to deal with an array of competing groups'.[67] But they fail to appreciate how objections from within Whitehall could frustrate, obstruct, and sometimes completely overturn, Bank-City initiatives. The close relations between imperial business interests in the City and the guardians of sterling in the Bank are confirmed by the issues of increasing gold production in the Gold Coast and government-guaranteed insurance in the face of communist insurrection in Malaya. In both instances, however, the Bank's support for British businesses—the mining companies in the Gold Coast and the rubber traders in Malaya—was blocked by the interests of the Colonial Office. In Malaya, despite the obvious dollar-earning implications, the Colonial Office obstructed the introduction of a guarantee scheme after June 1948, warning against the local political costs of official financial support for British big business.[68] In the Gold Coast, the Treasury joined Threadneedle Street's plea that gold production should take first priority in colonial policy; in particular, after the August 1947 sterling crisis when

[64] Misra, *Business, race, and politics*, pp. 166-73, 175-6. Divisions within the business community in India were not always ideological. Gillanders did not support Benthall's Anglo-Indian party because it believed this strategy was merely a means of giving Birds a competitive edge over its rivals: *idem*, 'Entrepreneurial decline', pp. 169-70. This is paralleled in the Malayan business world where suspicions between the two largest agency houses, Guthries and Harrisons & Crosfield, undermined the unity of the Rubber Growers' Association: White, *Business, government, and the end of empire*, p. 34.

[65] Murphy, *Party politics*, p. 90.

[66] Stockwell, 'Business, politics and decolonization', p. 271.

[67] Cain and Hopkins, *Innovation and expansion*, pp. 28-9, 149; Cain and Hopkins 'Afterword', p. 217.

[68] White, *Business, government, and the end of empire*, pp. 116-18.

UK gold reserves were dangerously low. The Colonial Office stood its ground, however, and resisted the introduction of tax breaks in the Gold Coast. Again it warned of the political fall-out 'on the spot' from introducing concessions to expatriate industry which might ruin 'our whole position in the Gold Coast'.[69]

In Iran, meanwhile, it was the role of the Foreign Office to fend off the exploitative tendencies of the Treasury-Bank-City nexus. Following the nationalization of 1951, the Foreign Office found itself in dispute with the Treasury over the strategy for the return of British oil interests to Iran. For the Foreign Office mandarins, supported by Eden, their Secretary of State, an element of compromise concerning the share of oil and profits would have to be made with both the Iranians and the Americans in post-Musaddiq Iran. For the Exchequer, however, any reorganization of the Iranian oil industry meant the breaking of the AIOC's monopoly and the selling out of legitimate British interests. In its own backyard, the Foreign Office eventually prevailed, but not without what Louis calls a 'first-class bureaucratic row'.[70]

Moreover, on top of the complex fissures between Threadneedle Street, the Treasury, and the rest of Whitehall, British business in the postwar colonial empire had to deal with another assertive and powerful governmental actor: the colonial administration. In becoming increasingly participatory and autonomous, colonial governments in territories such as Malaya or the Gold Coast were expanding their responsibilities in the fields of labour, taxation, development policy, and even constitutional reform.[71] Cosily cloistered in the Square Mile, the likes of Sir John Hay or Sir Edward Spears were even less likely to influence the course of decolonization.

IV

Dumett has suggested that Cain and Hopkins ignore the 'decision-making process' and provide few examples which track in detail the direct influence of the City over decisions to expand, and, in this case, contract the empire.[72] This leads to the final criticism of the 'gentlemanly capitalism' thesis: if the papers of government departments are closely interrogated, they yield little evidence to support the view that officials and politicians were motivated in their decolonization strategies primarily by a desire to defend the position of British business—whether in the City or outside it; whether gentlemanly or ungentlemanly. Rather, a number of broader macroeconomic and geostrategic objectives dominated imperial policy.[73] As Stockwell argues, Colonial Office officials were

[69] Stockwell, 'Business, politics and decolonization', pp. 245-9.
[70] Louis, 'Musaddiq', pp. 244-6.
[71] Stockwell, 'Business, politics, and decolonization', p. 72; White, 'Frustrations'.
[72] Dumett, 'Introduction', pp. 10-11.
[73] This point is made by Clayton in the context of the ending of informal empire in China: *Imperialism revisited*, p. 138. Unfortunately, due to lack of space, this article has not been able to cover the case of China.

'unwilling to prioritize economic issues over diplomatic objectives in their relations with Gold Coast politicians . . . . this is explicable with reference to Britain's desire to preserve Gold Coast participation in the sterling area and Commonwealth.'[74] Indeed, Sir Edward Spears was told by one Colonial Office mandarin in 1951: 'The aim of our policy was to keep the Gold Coast within the Commonwealth, and it was most important to understand the strength of nationalist feeling and to guide it [so far as we possibly could] along the right channels.'[75]

If there was an economic rationale underpinning British decolonization strategy, it was to ensure nationalist goodwill towards the import and exchange controls that governed the sterling area.[76] This would support the 'gentlemanly capitalism' thesis that the 'preservation of sterling as a world currency and the maintenance of London as a major financial and commercial centre' was the principal factor influencing the transfers of power.[77] But Commonwealth membership was far from being simply a post-colonial economic arrangement; it was also regarded by British officials and politicians as a means of keeping recently independent countries oriented towards the Western camp in the Cold War, especially as Burma—which had left the Commonwealth when it gained independence in 1948—had slipped into dangerous 'neutralism'. Cain and Hopkins tend to underplay the significance of anti-communism in postwar imperial policy.[78] But Cold War considerations came to influence all manner of colonial policies. The economic development of Malaya, for example, was increasingly hijacked by international and internal political considerations; broader-based rubber and tin policy—which often cut across the vested interests of the British agency houses—became a key element in winning Malayan 'hearts and minds'.[79] The Volta River Project to produce aluminium in Ghana provides another example of how development issues became increasingly politicized. Between 1952 and 1958, the British government's interest shifted away from the advantages of bauxite smelting for integrated sterling area economic development towards an international political concern to keep Nkrumah 'on side' in the East-West conflict. The international political dimension to the Volta River Project, combined with a lack of British public and private capital, allowed American and Canadian firms to exploit a former British business preserve.[80]

The Cold War became a reality too late to influence British policy in

[74] Stockwell, 'Business, politics, and decolonization', intro.

[75] PRO, CO 554/333, minute by T. B. Williamson, 17 Dec. 1951.

[76] Stockwell, 'Business, politics, and decolonization', p. 273; White, *Business, government, and the end of empire*, p. 263.

[77] Cain and Hopkins, 'Gentlemanly capitalism', p. 17.

[78] Where the Cold War is mentioned, its importance is subordinate to British financial interests—for example, in explaining the softening of American attitudes towards the sterling area after 1947. It is also suggested that the 'communist bogey' was merely a British foil to legitimize violence and so defend business interests in Malaya and Kenya: Cain and Hopkins, *Crisis and deconstruction*, pp. 272-3, 280.

[79] White, 'Frustrations of development'.

[80] Stockwell, 'Business, politics, and decolonization', pp. 249-59.

India to any great degree. But even there political factors often came to dominate economic policy from the 1920s. The development of a strong nationalist movement, and the increasingly participatory nature of Indian government, made it even less likely that Delhi would favour expatriate business concerns.[81] In the final withdrawal from, and partition of, India between 1945 and 1947, the immediate problem of maintaining law and order in the face of inter-community bloodshed, as opposed to any concern with the post-colonial economic relationship, 'became the dominant factor in determining British decolonization policy'.[82]

Likewise, in Nigeria and Kenya during the 1950s and 1960s the promotion of 'political tranquillity', rather than the 'buttress[ing of] British capital', dominated the decolonization strategies of British officials and politicians. The British colonial authorities afforded Nigerian nationalists political space in regional and then central government, during the 1950s, largely to avert mass insurrection rather than to secure the position of British business *per se*. In attempting to steal the thunder of Kenyan left-wingers, the transfer of land from White settlers to African peasants was partially prompted by concerns over foreign-investor confidence. But the most important consideration was, again, to prevent large-scale violence. As Colonial Secretary Reginald Maudling put it in 1962: 'in view of competing tribal claims in this area [the "White" Highlands] the dangers of serious and widespread bloodshed are very real'.[83]

Britain's decolonization of Malaya during the 1940s and 1950s is inexplicable without reference to its dollar-earning capacity. But the peninsula and Singapore possessed a wider international significance in containing communism (particularly after China's intervention in the Korean War and the stepping up of aid to the Vietminh in the struggle against the French by the end of 1950). According to the Chiefs of Staff in the early 1950s, Malaya was of 'the greatest economic value to the United Kingdom' but, at the same time, 'its strategic importance in a war lies largely in its position as an outer defence of Australasia'.[84] Hence, it was vital for Britain to secure an Anglo-Malayan defence agreement in 1957 alongside independent Malaya's continued membership of the sterling area. Certainly, by the time of the creation of Malaysia in 1963, strategic concerns had overridden economic factors in determining imperial policy.[85] Soon after independence for Malaya, Britain's High Commissioner in Kuala Lumpur reported that the importance of Britain's £300 million plus of investment in the peninsula lay not in its invisible- and dollar-earning capacity but in the 'maintenance of Malayan prosperity':

> Any substantial withdrawal or expropriation would in the long term depress the Federation economy and lay it open to communist subversion. Continuance of

[81] Misra, 'Entrepreneurial decline', pp. 140-9.

[82] Tomlinson, *Political economy of the Raj*, pp. 161-2, 149; Misra, 'Gentlemanly capitalism', p. 173.

[83] Tignor, *Capitalism and nationalism*, pp. 246-62, 374-7, 391.

[84] PREM 11/645, minute by the Secretary of State for War for Prime Minister, 30 April 1953, reproduced in Goldsworthy, ed., *Conservative government*, doc. 59, p. 178.

[85] White, 'Gentlemanly capitalism', pp. 193-4; Stockwell, 'Malaysia'.

> British as well as other overseas investment in this country will therefore also have a strategic significance in relation to Malaya's anti-communist function and will play an important part in ensuring her survival as a free country.[86]

In south-east Asia, Britain's fear of communism had marginalized British business interests earlier. Following the Anglo-Burmese agreement of January 1947, which led to independence for Burma twelve months later, Burmese ministers announced their intention to nationalize the country's natural resources, principally the teak forests and the oilfields. British agency houses, such as Wallaces and Steels, appealed to various departments in the imperial government to intervene. Sir Stafford Cripps, the President of the Board of Trade, steadfastly refused, arguing that to pressurize Burma on economic issues would tip the delicate balance of Burmese politics away from the more moderate Anti-Fascist People's Freedom League towards the communists. In effect, British capital in Burma was sacrificed for international power-political considerations.[87]

Strategic concerns were not confined to south-east Asia alone. Britain's response to the Congo crisis of the early 1960s provides a classic example of non-economic preoccupations during the final stages of African decolonization. Although Britain had a sizable business stake in the former Belgian colony, the British government's concern to restore and maintain law and order in the Congo stemmed ultimately from that country's geographical position. Located in the heart of Africa, its huge territory bordered Britain's delicately balanced responsibilities in decolonizing East and Central Africa. As James writes: 'Britain was apprehensive lest the Congo's disorders proved troublingly contagious'. This 'contagion theory of disorder' was compounded by concerns that the Soviet Union might gain a toehold in Central Africa through its association with Lumumba and, hence, use the Congo as a base to spread communist subversion throughout Africa. Moreover, the Macmillan government's decision by late 1962 not to oppose the reunification of the Congo—very much against the views of the Katanga business lobby—illustrates the top priority of Cabinet foreign policy, namely the maintenance of special relations with Washington.[88]

The prioritizing of Anglo-American relations and of Cold War considerations above the interests of British businesses is also illustrated in the case of Iran. British planning of covert operations against Musaddiq, in concert with the Americans, reflected that the 'principal danger was not Musaddiq's crusade against the AIOC'. Rather, 'the overarching menace was that of a communist takeover' and, hence, Soviet domination of Iran. As Anthony Eden had come to realize by the summer of 1952: 'It is our national interest to obtain a settlement, not on account of oil but because Persia's independence is very much our concern.'[89] The oil consortium arrangement of 1954, which followed the successful overthrow

[86] PRO, DO 35/9759, despatch from Tory to Home, 2 Jan. 1959.
[87] See Guildhall Library, London, Wallace Brothers letter books, 1947-8.
[88] James, *Congo crisis*, pp. 33, 34, 57-8, ch. 16.
[89] Louis, 'Musaddiq', pp. 246, 248-50, 255.

of Musaddiq and restoration of the Shah's authority in August 1953, reflected the realities of the Anglo-American alliance. Western oil companies did return to Iran, but AIOC (now restyled British Petroleum) lost its monopoly and held just 40 per cent of the shares of the marketing consortium. Another 40 per cent of the shareholding was now awarded to five American companies.[90] This meant that after the 1954 agreement the share of British capital invested in the Middle East's oil industry fell from 49 to 14 per cent; and the British share of oil production declined from 53 to 24 per cent. Concurrently, the American production share increased from 44 to 58 per cent and US companies commanded 42 per cent of investments in Middle Eastern oil.[91] Indeed, the cases of the Congo and Iran would support Louis and Robinson's assertion that postwar British imperial power was revived and then dismantled as part of the Anglo-American coalition in the Cold War.[92]

It has been argued that the engine behind Britain's involvement in the Suez invasion of 1956 was essentially economic. Nasser's nationalization of the Suez Canal Company on 26 July threatened British imperial economic power because some two-thirds of Western Europe's oil was shipped through Egypt from the Persian Gulf. Moreover, Gulf-produced oil could be paid for in sterling, avoiding the need to expend scarce dollars.[93] Certainly, British oil companies lobbied the British government to resist recognizing Nasser's nationalization, so soon after the Iranian expropriation, lest it encourage similar developments throughout the Middle East.[94] Yet, Holland has suggested that the oil issue has been overplayed; Eden's main concern at Suez was with British 'prestige'.[95] Britain's earlier agreement to evacuate Egypt in October 1954 certainly was not influenced by business dictates. The 'changing military-political calculus . . . in light of thermonuclear power' made a huge concentration of equipment and personnel at Suez appear as strategic insanity.[96] Notwithstanding Britain's substantial financial and industrial empire in Egypt, 'political and strategic factors took precedence over economic considerations'.[97]

V

In the final analysis, the contribution that Cain and Hopkins have made to the study of British imperialism and decolonization needs to be acknowledged. They have correctly pointed to the central role of financial, commercial, and service interests, centred on the City of London, in the economic development of the British imperial system in the twentieth

[90] Bostock and Jones, 'Business in Iran', p. 48.
[91] Ovendale, *Transfer of power in the Middle East*, p. 74.
[92] Louis and Robinson, 'Imperialism of decolonization'.
[93] Ashton, *Problem of Nasser*, pp. 11-12, 13.
[94] Tignor, *Capitalism and nationalism*, pp. 121-2.
[95] Holland, *Pursuit of greatness*, pp. 271-2; Kent, 'Egyptian base'.
[96] Tignor, 'Decolonization and business', p. 503.
[97] *Idem*, 'Suez crisis', p. 292.

century.[98] No longer can the empire be seen as a mere appendage of British industrial capitalism. In this way, 'gentlemanly capitalism' precisely identifies a 'new imperialism' in the postwar era, based not upon the empire's significance as a dumping ground for manufactures or as a source of cheap raw materials but on the importance of colonial primary production in bolstering sterling. Likewise, maintenance of the sterling area was undoubtedly an important element in the transfers of power during the late 1950s and early 1960s. Problems arise, however, beneath the veneer of Cain and Hopkins's financial-commercial model. The divisions *within* both official and commercial circles often rendered business lobbying ineffectual, while, in government policy, Cold War exigencies overrode economic concerns. Furthermore, both socially and ideologically, the colonial business elite remained separate from the official-political elite which oversaw development and decolonization overseas. It is not surprising, therefore, that the latter pursued strategies which frequently ignored, alienated, and enraged the former. The business and the politics of decolonization were rarely, if ever, reconciled.

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[98] A point echoed by *idem*, *Capitalism and nationalism*, p. 13.

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