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Transition of power: the problems of Britain's post-imperial relationship with Malta, 1964-1971

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ABSTRACT

There is growing recognition that the end of formal empire did not equate with the ending of ties between the imperial power and its erstwhile dependencies. This was especially so of the 'fortress colony' of Malta which following constitutional separation from Britain in September 1964 remained firmly linked to Britain economically and militarily. The existing historiography suggests that Britain actively sought to maintain imperial connections after decolonisation, even to the extent of attempting to convert formal empire into informal influence. The case of Malta, by contrast, indicates that the remaining imperial ties proved increasingly vexatious for Britain which sought either to limit its liabilities or even transfer them to its NATO allies. For their part, the Maltese proved adept at manipulating, cajoling, and even threatening the former imperial power to maintain and even increase its commitments to the island, especially in the military and financial fields.

KEYWORDS

Malta; Britain; Anglo-Maltese relations; NATO; Giorgio Borg Olivier; Dom Mintoff

Introduction

In July 1954, Colonial Office Minister Henry Hopkinson had controversially declared that 'there are some certain territories in the Commonwealth which, owing to their particular circumstances, can never expect to be fully independent'.¹ While chiefly alluding to Cyprus, his comments could equally have related to Malta, the microscopic, but strategically important, Mediterranean island colony. Reflecting a widely-held view among policy-makers in London, Treasury official Sir Herbert Brittain asserted shortly after Hopkinson's announcement that Malta could 'never be given Commonwealth status, because of defence considerations'.² Another Treasury official had already declared that 'Malta can never be a fully fledged member of the Commonwealth because she will never be financially and economically independent'.³ However, growing political pressure in Malta for independence, especially following the failed attempt to integrate the colony into the United Kingdom in the mid-1950s,⁴ militated against a static policy towards the island colony. Equally, shifts in British policy regarding the desirability of promoting colonial independence led to a change in attitude in London towards Malta's constitutional development.

Speaking before the South African Parliament at the beginning of February 1960, Conservative Prime Minister Harold Macmillan famously declared: 'The wind of change

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is blowing through this continent and, whether we like it or not, this growth of national consciousness is a political fact. We must all accept it as a fact, and our national policies must take account of it'.⁵ Although Macmillan's 'wind of change' speech is rightly associated with accelerated moves towards independence in Britain's African colonies, its ethos found echoes in Malta. Shortly after Macmillan had delivered his speech in South Africa, the Chief Secretary in the colonial administration in Malta, Archie Campbell, commented that "'The wind of change" that is blowing through the Colonial Office has not of course passed unnoticed here, and it is probably asking too much that Malta should be sheltered from it'.⁶ The prescience of this observation was soon demonstrated.

Referring specifically to Malta in May 1960, Macmillan's Secretary of State for Colonies, Iain Macleod, stressed that 'H.M.G.'s policy for all dependent territories is that they should be advanced to independence or to responsible self-government, preferably within the Commonwealth. There are no exceptions to this rule.'⁷ Alluding to the Maltese people's tradition of self-government, he emphasised that 'no solution which fails to give them a full share in the management of their affairs can be expected to attract their sympathy or support.'⁸ '[I]t is not a question whether, but how and when Malta should achieve a greater measure of self-government', Macleod informed his Cabinet colleagues.⁹ On 27 July 1960, he announced in the House of Commons the formation of a constitutional commission for Malta under the chairmanship of the former governor of Mauritius, Sir Hilary Blood, charged with making recommendations for 'the widest measure of self-government consistent with Her Majesty's Government's responsibility for defence and foreign affairs'.¹⁰ Calling attention to the infamous comment made by Colonial Office Minister Henry Hopkinson six years earlier, James Callaghan for the Labour Opposition quipped: 'we recognise that the Government have at least learned that it is no good using the word "never"'.¹¹ Just one month after Malta had achieved independence from Britain in September 1964, the Conservative government was defeated by Labour in the October general election. Callaghan's jocularly notwithstanding, it was left to the Labour administration of Harold Wilson to manage the often fractious transition of power between Britain and Malta in the post-imperial era.

As scholarship moves from examining the process of decolonisation to analysing its aftermath and consequences, there has been growing recognition that the end of formal empire did not represent the end of European imperialists' involvement in the affairs of their former dependencies. Martin Thomas and Andrew Thompson, for instance, have argued that 'Narrowly political definitions of decolonization as "a surrender of external political sovereignty", "the transfer of power from empire to nation-state", or, more vaguely "the taking of measures by indigenous peoples and/or their white overlords intended eventually to end external control over overseas colonial territories", simply won't do'.¹² In particular, they reject the notion that the withdrawal of colonial authority equates with the 'end of empire' or that 'flag independence' marked a 'decisive break point'.¹³ More especially, they stress the centrality of 'explaining not just when, but *how*, *why*, and, importantly, *if ever* empires came to an end'.¹⁴ Referring specifically to the British experience, Sarah Stockwell notes that decolonisation was 'directed to an "end" which aimed at salvaging from unhappy circumstances as much prestige and influence for Britain as possible'.¹⁵ Stockwell goes on to argue: 'the transfers of power did not necessarily result in the cessation of colonialism in all its other guises, whether economic, cultural, or military. That this was the case was the inevitable consequence of the

asymmetric relationship between imperial metropole and colony, with the former not only ambitious to exercise influence, but also in a strong position from which to do so'.¹⁶ Summarising her thesis, Stockwell contends that British policy in the era of decolonisation 'concentrated on the pursuit of influence by informal association within the Commonwealth'.¹⁷ In a similar vein, John Darwin muses that 'even after the timetables for independence had shifted from "a generation hence" to "this time next year"' plans and schemes for the preservation of 'influence' were being busily drafted'.¹⁸ He adds that 'speeding up the transfers of power in the colonial Empire was not meant, whatever the actual outcome, to signal the final, lasting and complete retreat from the extra-European world but should be seen as a hasty and sometimes involuntary expedient to stabilize the spheres of British influence amid rapidly changing international and local circumstances'.¹⁹ Following this line of reasoning, A. J. Stockwell posits that in the era of decolonisation the British were setting their sights on the 'maintenance of an imperial role as opposed to imperial rule'.²⁰

In the judgement of Martin Thomas, 'by late 1960 the key decision-makers in [Harold] Macmillan's second government had crossed the Rubicon from imperial to post-imperial mindsets. Conserving international reputation and post-colonial influence meant letting go sooner, not later'.²¹ Equally, Timothy Parsons argues that 'In attempting to peacefully transfer power to a sufficiently Anglicized and cooperative generation of nationalists leaders, Macmillan's government sought to preserve the economic and strategic benefits of empire without incurring the costs of direct imperial rule. In effect, this was an attempt to turn back the clock to the informal empire of the mid-nineteenth century'.²² By referring to 'informal empire', Parsons is drawing on the work of John Gallagher and Ronald Robinson who famously wrote that only considering areas of the world under formal British rule as part of the nineteenth-century British empire was 'rather like judging the size and character of icebergs solely from the parts above the water-line'.²³ To embody those parts of the world which, while not under direct British control, were nevertheless under Britain's imperial influence, Gallagher and Robinson coined the term 'informal empire'. This term was subsequently revived by Robinson and his new writing partner, Wm. Roger Louis, and applied to the end of empire. Decolonisation by the European imperial powers (principally Britain and France), argue Robinson and Louis, should be seen in terms of attempts at 'exchanging formal control for informal tutelage'.²⁴ Referring specifically to British policy in Africa, Robinson and Louis claim that officials promoted independence in order to 'prolong imperial sway and secure British economic and strategic assets. It was increasingly urgent to exchange colonial control for informal empire'.²⁵ In addition, Louis and Robinson stress that British statesmen were anticipating an 'empire in the post-colonial world', in which 'Influence had to be won by converting discontented subjects into loyal allies'.²⁶ In his monumental work, *Ends of British Imperialism*, Louis re-states the ideas first pioneered with Ronald Robinson, emphasising that in the post-war era Britain's aim was to 'alter the structure of Empire from formal rule to more indirect control, or at least influence. Such is the imperialism of decolonization'.²⁷ He also contends that 'In the post-war period the history of the Empire may be read as the attempt to convert formal rule into an informal basis of equal partnership and influence The purpose of this transformation was the perpetuation of Britain as a "world power"'.²⁸

At first sight, the fortress colony of Malta would appear to conform with the 'imperialism of decolonization' paradigm. Indeed, while September 1964 marked the

constitutional separation of Britain and Malta,²⁹ there remained strong residual links in the military, strategic, economic, and financial spheres that persisted beyond formal independence. Writing hours before formal Maltese independence on 21 September 1964, Britain's High Commissioner on the island, Sir Edward Wakefield, recalled the former Secretary of State for Colonies, Oliver Lyttelton, characterising the problem presented by Malta as 'one of the most difficult in the world to solve since the Maltese wanted political independence with financial dependence'.³⁰ Wakefield went on to observe that 'this is exactly what they have been given', even going so far as to depict Maltese independence as 'nominal'.³¹ In this sense, Malta corresponds with Sarah Stockwell's observation that 'An ongoing British involvement in emergent Commonwealth states ... ensured that the formal "end" of the British Empire not only left many legacies within Britain itself, but numerous threads and entanglements linking governments, institutions and individuals in Britain and its former colonies'.³² With respect to Malta, however, the remaining Anglo-Maltese ties, especially the economic and financial ones, were often unwelcome, stemming from the legacies and responsibilities of the colonial era that Britain found increasingly vexatious in the post-imperial one. Jettisoning these residual obligations, nevertheless, proved a challenging enterprise in the face of ongoing Maltese demands coupled with the commitments Britain had entered into at the time of formal Maltese independence. Rather than achieving 'indirect control' or 'influence' in pursuit of realisable interests, Britain's post-imperial relations with Malta increasingly took on the appearance of attempts to limit commitments and even shuffle its responsibilities onto others.

The Maltese, nonetheless, proved adept not merely at thwarting Britain's efforts to constrain its residual obligations to Malta, but also manipulating, cajoling, and even threatening the former imperial power to maintain and even increase its liabilities on the island, particularly in the military and financial fields. This can be seen with respect to budgetary assistance to Malta, British military dispositions on the island, the Malta dockyard, and financial aid. British suspicions towards the Malta Labour Party leader, Dom Mintoff, served to increase still further the leverage which Prime Minister Giorgio Borg Olivier's ruling Nationalist Party possessed in its dealings with Britain.³³

Shortly before stepping down as High Commissioner at the beginning of 1965, Sir Edward Wakefield produced a wide-ranging assessment of the continuities and discontinuities in the relationship between Britain and Malta following formal constitutional separation.³⁴ He noted that past Maltese attempts to govern themselves had 'invariably broken down', leaving Britain, as the sovereign power, with no option but to intervene and temporarily assume control of the administration. However, he emphasised that, with the achievement of independence, the 'Rubicon has been crossed and the point of no return has been passed'. Ruminating on what he considered to be the 'true significance of Malta's independence', Wakefield asserted that 'We cannot again, as we have done in the past, repair for the Maltese the damage caused by their own political failures'. What-is-more, referring to the *Agreement on Mutual Defence and Assistance*³⁵ concluded by the British and Maltese governments as part of independence settlement, Wakefield warned that the 'continuance of the British presence in Malta will depend in future not on the exercise of sovereign rights but on the observance of a treaty which one of the two major parties in Malta, the Malta Labour Party, has already denounced'. In the short term, nevertheless, Wakefield was quick to point out that

the change from dependence to independence appears to have been one of form rather than of substance. Before independence the Maltese were managing - or mismanaging - their own internal affairs. They are still doing so. Before independence their economy was sustained by British Services' expenditure in the island, coupled with British financial aid. It is still being sustained by the same means. Before independence the Maltese were sending delegations abroad to attend international conferences. They are still doing so. The only apparent differences are that Malta's status at international assemblies is higher than it was, that Malta has become a member of the United Nations and of its Specialised Agencies, that the Maltese flag flies in Malta in place of the Union Jack, and that the Hymn of Malta has taken the place of God Save The Queen.

In his assessment of the political outlook for Malta, Wakefield stressed that only two political leaders mattered, Prime Minister and Nationalist Party leader Giorgio Borg Olivier and Malta Labour Party leader Dom Mintoff. As regards the latter, the High Commissioner indicated Maltese independence had 'opened up new vistas'. Elaborating on this observation, Wakefield noted that in the past there had been two obstacles to Mintoff's exercise of unfettered power, namely British sovereignty and the influence of the Catholic Church.³⁶ 'The first of these barriers has now been removed', he mused, 'and the second, by the removal of the first, has been seriously weakened'. Ominously, Wakefield forecast the Malta Labour Party leader would pursue policies designed to secure the expulsion of the British forces from Malta since their presence was 'incompatible with his neutralist ideas'.

As regards the immediate challenges faced by post-imperial Malta, Wakefield focussed on unemployment stemming from the 1962 Defence White Paper's proposed services' rundown on the island.³⁷ On 1 October 1964, indicated Wakefield, British military services were employing 2327 fewer Maltese civilians than two years earlier and that unemployment had risen from 6273 to 7170, or more than 10% of the working population, over the same period. Unsurprisingly, the local expenditure by the services was also in sharp decline, falling from £22 million in 1961 to a projected figure of less than £15 million for 1964. The social and economic consequences of the precipitate decline in services' employment and expenditure had only been mitigated by what Wakefield termed the 'safety value of emigration', the rate of which in 1963 was double that of the preceding two years, and by the 'considerable private savings that the thrifty Maltese had accumulated during the "fat" years following the end of the end of the war'. With naval discharges projected to reach their peak in 1965-6 due to the fact that older employees of pensionable age would have been released and younger ones who were prepared to emigrate would already have done so, Wakefield prophesied an increase in discontent which could be exploited by Mintoff. A further threat to Borg Olivier's government, opined Wakefield, was presented by the prospect of disruption to work at the dockyard which, as the most significant asset in Malta's industrial base, constituted the 'most sensitive single element in Malta's political life'. The High Commissioner was quick to record that interruption in the flow of commercial work to the dockyard risked having 'consequences disastrous to Malta's political stability'. This very prospect was made more likely by the problems associated with converting the dockyard from military to commercial use which, as will be discussed, embroiled Britain in ongoing controversies following Maltese independence. Britain found its commitments to post-independence Malta tested still further with respect to the vexed question of budgetary aid.

Budgetary aid

Robert Holland points out in *Blue-Water Empire*, his wide-ranging study of the British in the Mediterranean, that after 1964 Anglo-Maltese relations in general, and the independence settlement in particular, were imperilled by the emergence of severe economic difficulties.³⁸ Indeed, Britain's ongoing commitments to Malta, reflected in the deliberations on budgetary aid, challenged the newly-elected Labour government of Harold Wilson which from the outset had found itself assailed by systemic economic problems. On coming to office, Wilson and his colleagues discovered a much larger balance of payments deficit than anticipated which was 'leading to a loss of confidence and a consequent outflow of funds'.³⁹ In his first substantive message to US President Lyndon Johnson, Wilson confessed that 'we are faced with a probable deficit on external account for this year which might be as high as 800 million'.⁴⁰ One of the measures that Wilson outlined to Johnson was a 'strict review' of all government expenditure in order to relieve the strain of the balance of payments and release resources for more productive purposes'.⁴¹ In November 1964, the British economy was assailed by the first of a series of 'sterling crises' which culminated in the devaluation of the currency three years later. In December 1964, Wilson visited Johnson in Washington where he agreed that the 'basic solution has to lie in improving Britain's competitive position both with respect to exports and to manufactured imports'.⁴² Wilson also ominously disclosed that he was contemplating defence cuts.⁴³ It was against this discouraging economic background that the debates about budgetary aid to Malta were conducted.

Referring to the *Agreement on Financial Assistance* concluded on independence to provide Malta with £50 million over ten years,⁴⁴ the Under-Secretary at the Ministry of Overseas Development, C. J. Hayes, remarked at the end of 1964 that all Whitehall departments considered this to be a 'final and all-embracing one intended to remove in future all the tedious, unpleasant, and dishonest arguments in the past'.⁴⁵ He proceeded to describe the amount offered as 'generous in relation to Malta's needs compared with those of aid-receiving countries, and in the light of resources in Malta which the Maltese insist on investing in British securities and refused to invest in their own economy'.⁴⁶ Nevertheless, Hayes reflected that it was 'the nature of the Maltese to keep on trying for more and scheming to describe everything as a special case outside the Agreement'.⁴⁷ The Under-Secretary's fears were soon borne out.

As part of the independence settlement, Britain had granted £600 000 to Malta in budgetary aid. Facing a deficit of some £2 573 000 for the financial year 1965–6, a delegation from the Maltese government travelled to London in February 1965 to ask for a further tranche of budgetary aid. Britain's High Commissioner to Malta, Sir John Martin, made a passionate plea for British budgetary aid of the order of £1.5 million. Seeking to justify this position, Martin pointed out that if Britain, through its parsimony, undermined Borg Olivier's claim that the Defence and Financial Agreements⁴⁸ concluded in September 1964 had allowed Malta to maintain independence with generous British assistance, 'we will have taken the ground from under his feet'.⁴⁹ Martin cautioned that this risked not merely the Maltese premier becoming 'embittered', but also the return to power of Dom Mintoff 'on a wave of disillusionment with Borg Olivier's independence'.⁵⁰ Making an appeal based on British national interest, the High Commissioner proceeded to urge that 'if we want to maintain our present defence facilities here, we must be prepared

to give fairly substantial budgetary aid for some years to come'.⁵¹ He concluded by highlighting the 'disastrous consequences to be expected from undue harshness in meeting Dr. Borg Olivier's requests' which in the long term could 'very far exceed any immediate economy'.⁵²

In a subsequent missive, Martin underlined that 'Without goodwill, our enjoyment of the defence facilities here could be gravely hampered'.⁵³ Warning of the consequences of Borg Oliver losing the forthcoming general election due to a wave of anti-British feeling, the High Commissioner prophesied that not only would Britain's position become 'increasingly uncomfortable and expensive', but also a Mintoff government would insist on a revision of the 1964 Defence and Financial Agreements, using the threat of admitting the Egyptians or the Russians to extract a higher price from us'.⁵⁴ Other voices within British decision-making circles, nevertheless, expressed not merely scepticism towards granting budgetary aid, but also frustration with independent Malta's ongoing financial demands on Britain.

Ruminating on Borg Oliver's request, Under-Secretary of State at the Ministry of Overseas Development, R. H. Belcher, opined: 'quite a strong case could be made for giving no aid at all'.⁵⁵ Seeking to justify this stance, Belcher stressed that 'Malta must stand on its own feet: budgetary aid is in every way an inappropriate form of aid to give an independent country'.⁵⁶ He also pointed out that the average income per capita in Malta was 'enormously higher than in countries we should help but cannot because of our limited aid funds'.⁵⁷ Nonetheless, Belcher recorded that all Whitehall departments dealing with Malta (the Commonwealth Relations Office, the Treasury, the Ministry of Defence, and the Ministry of Overseas Development), accepted that the decision to provide budgetary aid in 1964, coupled with the then Secretary of State for Colonial Affairs, Duncan Sandys', commitment to consider any request for assistance that the Maltese government might wish to make in the future,⁵⁸ had 'created expectations that can only be disappointed at a political cost to ourselves that could be very considerable, involving not only our political relationship with Malta but the future of our Defence agreement'.⁵⁹ In consequence, Belcher reached the 'inescapable' conclusion that some aid needed to be offered, suggesting £600 000 for each of the two succeeding years with the proviso that it be made clear to the Maltese that 'we shall not in future agree to give this kind of aid'.⁶⁰ Belcher's colleague at the Ministry of Overseas Development, C. J. Hayes,⁶¹ was in full agreement pointing out that a 'cold douche is essential at this stage when Malta has become independent with a very generous 10-year settlement'.⁶² 'If we do not administer a cold douche now', he continued, 'experience of the past shows that Malta will simply hit up the budget deficit more and more every year and send us the bill'.⁶³ Noting that Malta enjoyed a higher standard of living than Greece or Spain, Hayes considered that the island 'must be forced to use her own resources and rest entirely on development aid for outside help'.⁶⁴ He concluded that not only was plugging the gap in Malta's budget an 'unproductive form of aid', but also competed with Britain's attempts to assist 'more needy countries'.⁶⁵

In presenting the Ministry of Overseas Development's case to the Commonwealth Relations Office, C. J. Hayes, while recognising the possible political consequences of refusing to offer budgetary aid, asserted that 'The essential policy as we see it is to avoid falling back into the position of the Colonial power having to meet budget deficits in Malta, but without the control of the budget that went with that position. We think it vital,

now that Malta is independent, and especially at the beginning of independence, that the Maltese Government should be obliged to face the realities of its situation'.⁶⁶ He proceeded to record the Ministry of Overseas Development's view not only that Malta had been provided with 'extraordinarily generous development aid', but also that it had to make 'full use' of its own resources for recurrent expenditure.⁶⁷ Hayes went on to state that it would be 'impossible to establish this state of affairs if we subsidise the budget this year to anything like the extent the Maltese are asking for'.⁶⁸ Consequently, he proposed that the Maltese only be offered £600 000 in each of the financial years 1965–6 and 1966–7, making it clear that thereafter Her Majesty's Government would not be prepared to provide further budgetary aid. Justifying this position, Hayes underlined that Malta had already been given a 'very generous' financial settlement at independence and enjoyed a higher standard of living than many countries to which Britain would like to provide development aid but was unable to do so within the funds available.⁶⁹ In conclusion, Hayes made a plea for Britain to keep within the proposed offer 'in spite of the unwillingness which may be expected from Dr. Borg Olivier to be satisfied with it'.⁷⁰

The Commonwealth Relations Office, on the other hand, made the case for higher budgetary aid contributions.⁷¹ Placing its line of reasoning in context, the CRO was quick to note that the Maltese economy had traditionally depended on British services' expenditure which was due to fall by some £3 million in 1965–6. To make matters worse, the consequent decline in Maltese employment by the services of around 900, coupled with secondary unemployment caused by a drop in incomes, was placing further strain on Malta's economy. Indeed, unemployment had risen from 3.5% in 1962 to over 9% just three years later. Turning to wider considerations, the CRO predicted that failure to provide substantial budgetary aid would produce a 'very serious financial and economic crisis in Malta' which would include a 'wave of political and industrial disturbances'. The CRO also raised the spectre of the involvement of British forces in the event of the Maltese government seeking assistance in maintaining law and order. In view of such concerns, the CRO concluded that it would be 'imprudent to offer less than £1.2 million for 1965/66'.

High Commissioner Sir John Martin also re-entered the debate,⁷² emphasising that the budgetary aid afforded to Malta for 1964–5 was 'not (repeat not) intended to be *last such gesture to a country about to become independent*'. He also insisted that former Secretary of State for Colonies Duncan Sandys' commitment to consider future Maltese requests for assistance was 'not just a *defensive remark*: what he said was deliberate and he meant it'. While accepting that cuts in expenditure were possible, the High Commissioner pointed out that the Maltese government had little room for manoeuvre without exacerbating unemployment at a time when the full force of the services' run-down was being felt. 'There is a significant difference', intoned Martin, 'between encouraging the Maltese to cut their coat according to their own cloth and bringing about incurable unemployment with its grave consequences for our position and interests here'. Dilating on this point, he stressed that 'We are receiving in all important respects friendly cooperation from Malta Government in enjoyment of our rights under defence agreement. We cannot expect this good will to continue if we make their position impossible'. A Mintoff government, reiterated Martin, would 'make our defence position very uncomfortable if not untenable, and on present evidence as much as on past experience, he will blackmail us to the limit'. Referring to the legacies of colonial rule, moreover, Martin underlined that 'Malta as it is with its present standard of living and its slow-moving administration is our own creation.

We cannot expect it to change overnight'. Summing up, the High Commissioner averred that 'we shall lose more by forcing on Borg Olivier (whose present majority is only two) a politically unsaleable budget than we shall save if the grant is limited to £600,000'.

Following Martin's line of reasoning in discussions on budgetary aid to Malta in the Cabinet Defence and Oversea Policy Committee (DOPC),⁷³ the Secretary of State for Commonwealth Relations, Arthur Bottomley, informed his ministerial colleagues that a budget deficit was 'almost inevitable during the early stages of independence and the Maltese Government's financial difficulties were to a large extent due to the rundown of the United Kingdom Services'. Minister of Overseas Development Barbara Castle, nevertheless, rebutted these arguments,⁷⁴ claiming that it was 'wrong in principle to give budgetary aid to an independent country'. She also pointed out that Malta was already receiving some £50 million in development aid over 10 years which she described as a 'higher figure per head of population than any other recipient country'. Observing that the Maltese government could increase revenue by raising taxation and tackling tax evasion, she expressed a willingness to provide only £600 000 for the current financial year, coupled with a similar amount for the following year, provided that 'it was understood that no further aid of this type would be given thereafter'.

By contrast, Secretary of State for Defence, Denis Healey, chose to focus on the importance of maintaining stability in Malta in view of Britain's continuing defence commitments. Rehearsing familiar arguments, he also highlighted that it was in Britain's interests to assist Borg Oliver 'since he was genuinely pro-British, while the Opposition Leader, Mr. Mintoff, might, if he won the elections, repudiate Maltese association with NATO and turn to the Soviet Union'.⁷⁵ Although some concerns were expressed in subsequent discussions that providing budgetary aid could be seen as an attempt to intervene in Maltese domestic politics by bolstering Borg Olivier, Prime Minister Harold Wilson summing up the Defence and Oversea Policy Committee's position recorded that 'considerable weight' should be given to defence arguments.⁷⁶ He recommended, therefore, that £1.2 million in budgetary aid should be provided in the 1965–6 financial year subject to the Maltese government effecting economies and increasing taxation 'by amounts which we judged to be reasonable'.⁷⁷ No budgetary aid was anticipated beyond 1966–7 and even in that financial year assistance would be dependent on 'effective measures' being taken in dealing with tax evasion.⁷⁸ This decision demonstrated something of a paradox in British policy. On the one hand, there was growing scepticism towards providing additional financial assistance to Malta, in this case budgetary aid, while on the other there was still a wish to sustain Borg Olivier in power and prevent a Mintoff premiership.

Despite Borg Olivier subsequently offering an apology and insisting that there he had 'no intention to mislead',⁷⁹ British policy-makers were aggrieved by the fact that Malta's actual budget figures were appreciably better than the estimates they had earlier been shown. As Bottomley and Castle pointed out, this revelation, coupled with Valletta's failure to impose new taxation, 'raised a strong suspicion that the Malta government had been less than frank in their dealings with us over our budgetary assistance'.⁸⁰ Agreeing nevertheless that it would be 'fruitless' to enter into an argument with the Malta government about the facts, Bottomley and Castle had to satisfy themselves with informing Valletta that the difference between final figures and the earlier estimates, as

well as the failure to increase taxation, would affect the manner in which Britain would consider future requests for budgetary aid.⁸¹

The controversy over the budgetary aid supports the argument of Martin Thomas and Andrew Thompson that the withdrawal of colonial authority did not necessarily signify a decisive break with the imperial past. Indeed, the continuance of budgetary aid into the era of Maltese independence, despite the economic and balance of payments difficulties experienced by the Wilson government, underscores the extent of ongoing British commitments to Malta which transcended the end of formal empire. Nevertheless, the example provided by budgetary aid casts doubt on interpretations which posit that Britain was in a strong position to exercise influence following transfers of power. Indeed, the case of budgetary assistance suggests not only that success in bringing influence to bear on the decisions of the Maltese government was partial at best, but also that Valletta was adept at manipulating the British into providing more assistance than was strictly warranted. A similar ability to sway British decision-makers in ways that were to Malta's advantage can be detected with respect to proposed defence reductions on the island. The controversies surrounding such cutbacks also underline the difficulties faced by Britain in attempting to loosen ties with Malta stemming from the colonial era.

Services' rundown

As a fortress colony, Malta had been prized as a military base for the protection of British interests, and for the projection of British power in the Mediterranean and beyond, to the extent that in the 1950s Maltese independence was seen as inconceivable by British policy-makers.⁸² A reassessment of Malta's strategic worth in the early 1960s,⁸³ however, paved the way for the island's progress towards full independent status by September 1964. Independence, nevertheless, did not equate with the severing of all military ties and indeed Britain retained significant forces on the island under the *Agreement on Mutual Defence and Assistance* of September 1964.⁸⁴ Unlike Cyprus, where Britain retained the sovereign base areas of Akrotiri and Dhekelia in the independence settlement in 1960,⁸⁵ the British military establishment in Malta rested upon the *Agreement on Mutual Defence and Assistance* which relied to a greater extent on Maltese co-operation for its successful operation. Referring specifically to the British military establishment on Cyprus, Secretary of State for Commonwealth Relations, Arthur Bottomley, remarked in November 1965 that 'we can in the last resort and if necessary continue to operate from the bases even under difficulty'.⁸⁶ By contrast, Britain's High Commissioner in Malta, Sir John Martin, had stressed a few months earlier that 'Without goodwill our enjoyment of the defence facilities here could be gravely hampered'.⁸⁷ This reliance on goodwill provided the government of Malta with scope to frustrate the Wilson administration's plans to oversee British military retrenchment on the island.

Shortly after the election of his government, Wilson had summoned a gathering of senior ministers and officials to Chequers, the Prime Minister's country residence, to discuss Britain's future global defence policy.⁸⁸ Although agreement was reached on maintaining its worldwide commitments and the nuclear deterrent, Wilson also insisted on placing a ceiling on defence expenditure of £2000 million at 1964 prices until the end of the decade. In the estimation of John Young, this decision 'set the tone for the whole

administration, for it was clear, within months, that achieving that target might involve cuts in commitments, unless resources were stretched beyond breaking point'.⁸⁹ In these circumstances, British defence ties with Malta became vulnerable to the growing pressure for retrenchment. A meeting on defence policy of service chiefs, ministers, and senior officials chaired on 13 November 1964 by Wilson had already ominously recorded: 'In Malta we were anxious to retain the NATO Headquarters, but our direct defence interest was very limited'.⁹⁰ Overseeing defence reductions on the island, nonetheless, proved a challenging enterprise which revealed the limitations on Britain's ability to pursue policies in the face of Maltese opposition.

Towards the end of 1965, the Defence and Overseas Policy Committee invited the Commonwealth Relations Office to consider the consequences of reducing British armed forces in Malta to a staging post with a reconnaissance squadron.⁹¹ Cledwyn Jones, the Minister of State for Commonwealth Relations, responded⁹² by pointing out that under Article 6 of the 1964 Defence Agreement the UK government had committed itself to consulting with its Maltese counterpart when major changes in British force levels were being contemplated which might affect the defence or economy of Malta. In the course of such consultations, pointed out Hughes, 'we would be bound to admit that a reduction on the scale proposed will have a very serious effect on the Maltese economy'. In particular, Hughes focussed on the projected decline in the numbers employed by the services which could drop from some 9000 to just 600 if Malta's strategic contribution were to be reduced to the envisaged staging post with a reconnaissance squadron. Bearing in mind that Borg Olivier's government and the majority of Maltese had traditionally perceived British forces on the island as 'part of their daily life and a symbol of their close attachment to Britain', Hughes prophesied that the proposed reduction in British forces would come as a 'severe shock to Maltese opinion'. The Minister of State also warned that unless the run-down of British forces was gradual and its economic impact mitigated, Britain would face a 'strong political reaction in Malta, not only against Britain, but against the West and NATO as a whole, opening the way to a dangerous extension of neutralist and Soviet bloc influence and perhaps a demand for a total withdrawal of NATO'.⁹³ In addition, Hughes anticipated that once the Maltese got wind of British intentions, they would 'exploit to the full our obligation to consult them, and to insist that we cannot withdraw our forces and reduce our establishment without compensating them fully for the damage to their economy'.⁹⁴ Although the Defence and Overseas Policy Committee subsequently invited officials to report on the economic consequences for Malta of the run-down foreshadowed in the Defence Review, it also emphasised that 'Malta was already receiving aid at a very high level in proportion to the total population and that further assistance could not be provided within the present aid ceiling'.⁹⁵

The report, produced towards the beginning of August 1966, made for gloomy reading, estimating as it did that by April 1970 unemployment in Malta could reach 20%, Maltese national income could fall by as much as 15%, and the reduction in services' expenditure could lead to a foreign exchange loss to Malta of between £3 and £4 million.⁹⁶ Basing his assessment on these projections, Commonwealth Secretary Arthur Bottomley informed the DOPC that there could be 'no doubt of the intense severity of the effects of the run-down now proposed on the Maltese economy'.⁹⁷ He also underlined Sir John Martin's judgment that the effects of the run-down would be 'catastrophic'.⁹⁸ On the basis of such considerations, Bottomley recommended reassuring the Maltese that the

£37.2 million aid package subsisting under the terms of the 1964 Financial Agreement would remain unaffected and that if this sum proved insufficient the British government would 'consider as sympathetically as possible the case for further economic aid'.⁹⁹ In order to relieve economic suffering, moreover, the Commonwealth Secretary advocated a 'substantial increase' in the allocation of immigration vouchers for Maltese to enter the UK.¹⁰⁰ He also urged that no additional acceleration of the run-down would be considered and that the implementation of the proposed run-down would not be commenced until the views of the Maltese government had been taken into account.¹⁰¹ Bottomley's suggestions, nevertheless, received short shrift from the DOPC.

The Ministry of Overseas Development was sceptical about any commitment to consider further economic aid to Malta beyond what had been agreed on independence and even opposed allowing any unspent balances to be carried over to subsequent years for fear of 'prejudicing the overseas aid budget as a whole'.¹⁰² Home Secretary Roy Jenkins, moreover, rejected the idea of an extra immigration quota being granted to Malta on the grounds that it was likely to 're-open in this country the whole question of Commonwealth immigration, which was now relatively quiescent'.¹⁰³ In addition, the Secretary of State for Defence, Denis Healey, expressed reluctance to accept the proposition that no further acceleration of the run-down beyond that already considered could be contemplated.¹⁰⁴ Summing up the mood of the meeting, Prime Minister Harold Wilson emphasised that given the 'paramount need for economy no relaxation was acceptable in the phasing of the proposed run-down in Malta'.¹⁰⁵

Despite the uncompromising stance taken by Wilson and his colleagues, Bottomley's successor as Commonwealth Secretary, Herbert Bowden, reported to the Defence and Overseas Policy Committee in October 1966¹⁰⁶ that the government of Malta had reacted 'very strongly' against Britain's proposals for defence reductions on the scale and timetable envisaged. Bowden also told his colleagues on the DOPC that a re-examination of the consequences for the Maltese economy of the run-down had shown that they would be 'very severe', especially with respect mounting unemployment. The potential damage to Anglo-Maltese relations of the proposed reductions, added Bowden, imperilled the resolution of other pressing issues such as the future of the Malta dockyard. What-is-more, he underscored that potential defence savings would be offset by reductions in Maltese imports from the United Kingdom, reducing the net benefit to the balance of payments. In addition, Bowden reported the Chiefs of Staff's concern that pushing ahead with the reductions against the wishes of the Maltese government carried the risk of the Maltese government denying Britain use of its remaining facilities on the island which would undermine existing plans, not least for the evacuation of British citizens from Nigeria in the context of the growing instability in that country. Although Healey disputed Bowden's figures, the latter also argued that the total net cost of delaying Royal Navy and Royal Airforce reductions would only amount to a little more than £2 million. As an indication of the British government's weakening resolve, Prime Minister Wilson invited Bowden to inform Borg Olivier that the services' run-down in Malta was still under consideration.

Resuming its discussion of the effects of defence retrenchment on Malta, the Defence and Overseas Policy Committee¹⁰⁷ was informed by Bowden that if the run-down were 'forced through' on the original timescale, let alone accelerated, this would inflict 'unacceptable damage' on the Maltese economy with unemployment likely to reach a level which would be equivalent to 4 million in the United Kingdom. He also added that Britain

would 'almost certainly' lose the chance of achieving a settlement with the Maltese government on the vexed question of the future of the dockyard. Secretary of State for Defence Healey also showed signs of being won round to offering some alleviation of the run-down on the grounds that it remained in Britain's strategic interest that Malta should neither depart from its alignment with the West, nor seek assistance from the Soviet Union. Although the Chancellor of the Exchequer, James Callaghan, was insistent that Britain could not afford to forgo defence savings in Malta, there was general acceptance in the DOPC that if the run-down were pursued in the face of Maltese opposition, the consequences in Malta, for Anglo-Maltese relations, and for British defence facilities 'could well be extremely serious'. Providing support for this assessment, Britain's Deputy High Commissioner in Malta, A. J. Brown, observed that 'When contemplating the Services run-down, many Maltese seem to regard this as a virtual abandonment of Malta to her own devices and a betrayal of our obligations for defence and economic support'.¹⁰⁸ Referring to possible Maltese reactions, Sir John Martin also warned of a 'revulsion of feeling against the British connection and the British Services', adding that 'The very closeness of past relations would intensify the shock, if it appeared that the scale and speed of the rundown would shake the economic basis of the country and lead to massive unemployment'.¹⁰⁹

The strength of feeling in Malta was revealed following Bowden's unveiling of concessions that were being considered, including the retention of the two British army battalions stationed in Malta for a further two years after 1968.¹¹⁰ Reporting to his Cabinet colleagues, Bowden stressed that the concessions had 'wholly failed to obtain the acquiescence of the Maltese Government' which contended that British cutbacks would have the effect of nullifying the 1964 Defence Agreement by reducing British forces to a level that would render it impossible to defend Malta from external attack.¹¹¹ The government of Malta also focussed on the deleterious economic effects of defence reductions, especially the envisaged 7000 jobs lost which was projected to bring the rate of unemployment on the island to around 14%. Following his discussions with the General Workers' Union in Malta, moreover, Bowden reported that the formal announcement of Britain's defence reductions risked provoking strikes and even violence. Clearly moved by Bowden's presentation, the Cabinet expressed concern about the projected level of unemployment resulting from the reduction of British forces and recognised that the UK government 'must accept some responsibility for these consequences in the light of the history of our connection with Malta'.¹¹² Sir John Martin, also entered the debate, recording that the British government's prospective defence cuts had brought a 'dark cloud of dismay and resentment across the scene—a resentment shared by all classes and parties, and all the fiercer because of the depth of the trust and friendship for Britain which seemed to have been betrayed'.¹¹³ Martin also expressed his alarm at the prospect that not only 'thousands who had served Britain long and loyally' would be 'abandoned to the hopelessness of unemployment', but also Britain would 'lose forever this foothold in the central Mediterranean'.¹¹⁴

Although dismissed as a 'paralysed panic paper' by Labour Cabinet minister and diarist, Richard Crossman,¹¹⁵ substance was given to Martin's warnings by Borg Olivier's introduction of a Bill to abrogate the 1964 Defence Agreement. In the Defence and Oversea Policy Committee, Minister of State for Commonwealth Affairs, Judith Hart, recorded that a precipitate withdrawal from Malta risked damaging Britain's international reputation,

citing 'expressions of concern' in the North Atlantic Treaty Organisation, especially from Canada and the United States.¹¹⁶ Denis Healey described the situation in Malta as 'dangerous' and expressed concern that the administrative harassment of British forces, such as cutting off water supplies, could make Britain's military position on the island 'untenable'.¹¹⁷ Nevertheless, the DOPC remained inflexible rejecting not merely seeking the advice of NATO for fear that this would set a precedent which would circumscribe Britain's freedom of action in other overseas theatres, but also any notion of offering to decelerate still further the rate of reduction in British forces in order to mitigate the economic effects of the run-down.¹¹⁸ All that ministers were prepared to offer at this stage was to send a small mission of leading UK industrialists to Malta to advise on accelerating development there.¹¹⁹ However, an ad hoc meeting of ministers most concerned with Malta called on 5 February 1967 at the request of Prime Minister Wilson revealed a growing difference of opinion among key British decision-makers.

Focussing on the increasingly 'intolerable' position which British forces were facing in Malta, the escalation in the harassment of British troops being contemplated by the Maltese government, and risk of clashes with Maltese civilians leading to bloodshed in the event of a military withdrawal, both Bowden and Healey favoured re-phasing the run-down to mitigate its effects on Malta.¹²⁰ Chancellor of the Exchequer James Callaghan, by contrast, argued against making further concessions on the grounds that to do so would have 'serious repercussions' for British military retrenchment elsewhere, for instance Singapore, where even larger sums were involved. Equally, Callaghan posited that Malta was so reliant on British tourism and also employment provided by UK forces that it seemed 'highly unlikely that the Maltese Government would allow the situation to develop to a point where our withdrawal became inevitable'.¹²¹ The Chancellor bluntly concluded that 'if necessary, it would be better wholly to withdraw rather than make the concession proposed'.¹²²

At the Defence and Overseas Policy Committee the following day, Callaghan reiterated his opposition to re-phasing the defence run-down in Malta, especially focussing on the 'embarrassing repercussions' in other territories such as Cyprus, Singapore, and Aden where Britain was also contemplating running down its forces.¹²³ A financial crisis in the summer of 1966, precipitated in part by a strike called by the National Union of Seamen, had implications for British defence policy. By the end of 1966, the Chancellor of the Exchequer was calling for a savings in the defence budget of £200-300 million by 1970-71 which led to discussions in the Defence and Overseas Policy Committee regarding a reappraisal of Britain's position in Cyprus and also deep reductions in British force levels in the Far East.¹²⁴ The Defence White Paper of 1966 had already announced the British decision to abandon Britain's military base in Aden at the time of independence for South Arabia which had been set for not later than 1968.¹²⁵ In this context, there were concerns among British policy-makers that a dilution of the intended services' rundown in Malta would have implications for plans to reduce commitments and expenditure in other British military bases around the world.

Callaghan also balked at the prospect of making fresh offers to the Maltese after having placed before them, with the authority of the Cabinet, proposals on the defence run-down which had been described as final.¹²⁶ Denis Healey, by contrast, lent his support to a re-phasing of the reductions, emphasising that it was a 'principle of the defence review that withdrawals of forces should be orderly, and the situation in Malta was now

such that there was a real risk of a far from orderly withdrawal'.¹²⁷ While accepting that the facilities which were envisaged to be retained after the run-down were not vital to British strategy, Healey stressed that they were still valuable especially in the context of Britain's commitment to assist in the defence of Libya.¹²⁸ The Defence Secretary also pragmatically observed that unless Britain offered a re-phasing, it would be politically impossible for Borg Olivier to accept fresh negotiations. Supporting Healey's arguments, Bowden added that the impending repeal in Malta of the Visiting Forces Act which regulated the status and privileges of British forces there raised the prospect of intensified harassment of those forces.¹²⁹ Although Healey and Bowden's colleagues on the DOPC recognised that reopening talks with Borg Olivier might set an 'embarrassing precedent', the general view emerged that, on balance, it was in Britain's interests to enter into discussions with Borg Olivier on the lines suggested by Healey and Bowden provided that the Maltese discontinued legislation to repeal the Visiting Forces Act and ceased the harassment of British forces.¹³⁰

Further support for the more conciliatory approach of Bowden and Healey came from the Parliamentary Under-Secretary of State for Commonwealth Affairs, Lord Beswick, who underscored the damaging consequences for Malta of a total withdrawal of British forces which could lead to a fall in gross national product of 25% if British economic aid still continued and up to 40% if aid were discontinued.¹³¹ In such circumstances, Beswick predicted 'very serious political and social instability on the island'.¹³² Quite apart from the probable loss of valuable military stores, Beswick also postulated that a precipitate total withdrawal from the island would serve to damage Britain's relations with its allies and also its international standing generally.¹³³ Malta's continuing ability to influence and frustrate British plans for military reductions on the island was soon demonstrated.

Labouring under pressure from both the Malta General Workers' Union and the Opposition (especially Dom Mintoff), Borg Olivier informed Britain's new High Commissioner, Sir Geofroy Tory, on 16 February 1967 that he regarded the UK-Malta Defence Agreement as having lapsed as a result of the new programme of defence reductions.¹³⁴ A week later, nonetheless, the Minister of State without Portfolio, Patrick Gordon Walker, informed the Cabinet that agreement had been reached with the government of Malta regarding the basis for negotiations which included the suspension of action on the reduction of British forces.¹³⁵ Despite this concession, Borg Olivier refused to stop the harassment of British forces during the negotiations.¹³⁶ The Leader of the House of Commons, Richard Crossman, was especially scathing of the Labour government's handling of relations with Malta, nothing in his diary: 'The whole venture has been a classic example of mismanagement—first to propose a phased withdrawal, taking a tough line with the Maltese and being unnecessarily brutal, then to backpedal half-way through'.¹³⁷ He subsequently referred to the 'incompetence of our disastrous surrender'.¹³⁸

The talks which began in London towards the beginning of March witnessed an early concession from the British side, namely that Malta was entitled to the £3 million under-spent in the first three years of the 1964 Financial Assistance Agreement.¹³⁹ Nevertheless, the sticking point remained the phasing of the defence run-down which resulted in the breakdown of talks with Borg Olivier publicly accusing the British of 'blackmail'.¹⁴⁰ On 10 March 1967, Patrick Gordon Walker, who was leading for the British side, gave the House of Commons details of the concessions which had been offered, including a pledge

that in the whole of the first year of the run-down jobs losses would be limited to 300 compared with 3000 envisaged in the January proposals and no more than 550 jobs would be lost in the first six months of the second year.¹⁴¹ Gordon Walker also promised to extend the run-down into a fifth year with the corresponding reduction in the employment of Maltese personnel not projected to be completed until April 1972.¹⁴² Despite initially rejecting the revised proposals, Borg Olivier announced on 12 March that his government were prepared to let the British plan go ahead with a corresponding commitment to withdraw the administrative restrictions on British forces and abandon the Bill to amend the Visiting Forces Act.¹⁴³ Borg Olivier, however, reserved the right to request the British government to review the position if hopes of an 'adequate expansion' in employment, which were to be underpinned by a joint mission to advise on expanding Malta's industrial base, failed to be realised.¹⁴⁴

In spite of Borg Olivier's reservations, Gordon Walker felt able to tell the House of Commons on 13 March that the danger of a 'tragic breach' between Britain and Malta had been averted.¹⁴⁵ Seeking to prick Gordon's Walker's tone of self-congratulation, the Conservative Opposition was quick to point out that it was the intervention of former Secretary of State for Commonwealth Affairs, Duncan Sandys, which was decisive in persuading Borg Olivier to trial the British proposals.¹⁴⁶ Although Borg Olivier was feted by his own supporters on his return to Malta, the Malta Labour Party accused him of performing a 'humiliating summersault' in accepting, albeit with caveats, British proposals.¹⁴⁷ Unsurprisingly, there were also MLP calls for Borg Oliver to resign.¹⁴⁸ The political turmoil triggered by British defence reductions continued to place strain on Anglo-Maltese relations despite agreement having ostensibly been reached.

From the British perspective, aid to Malta under the 1964 Financial Agreement was specifically linked to the continued operation of the Defence Agreement. Nevertheless, on the eve of planned talks in May 1967 on the allocation of British aid, Bowden informed Healey that Borg Olivier was denying that the Defence Agreement remained in force.¹⁴⁹ To make matters worse, the Maltese premier also balked at British attempts to ensure his acceptance of a legally binding agreement through an exchange of letters. Bearing in mind the British High Commissioner's advice that Borg Olivier would not give away, Bowden warned that to force the issue of the status of the Defence Agreement should only be contemplated if Britain was prepared to face using its 'ultimate sanctions', in particular the early withdrawal of British forces and a radical review of aid to Malta.¹⁵⁰ In a confrontation of this nature, Bowden cautioned that Britain could expect the harassment of its forces to be resumed.¹⁵¹ Consequently, the Commonwealth Secretary recommended inviting Maltese officials to talks in London on the allocation of British aid without making further reference to Britain's attitude to the continued validity of the Defence Agreement.¹⁵²

Responding to Bowden's suggestions, Healey characterised the situation as 'far from satisfactory, not least because we must expect that Dr. Borg Olivier, having stuck to his position that the Defence Agreement is no longer in force, will feel even less inhibited than in January from withdrawing, on some future occasion, facilities enjoyed by the United Kingdom'.¹⁵³ Although Healey concurred that it would not be in Britain's interests to press the issue to the point of precipitating a fresh confrontation with the Maltese government, he remained concerned that British service personnel and their dependants should not suffer any derogation from the legal protection that they enjoyed under the

Defence Agreement.¹⁵⁴ He derived some reassurance from the Law Officers' view that this agreement remained legally in force and thus continued to provide legal cover for British forces based in Malta.¹⁵⁵

The example provided by the services' rundown in Malta demonstrates that, in contrast with the relevant historiography outlined in the introduction, Britain's ability to sway its former dependency was strictly limited. More specifically, Sarah Stockwell's contention that asymmetry in the relationship between imperial metropole and former colony placed Britain in a strong position to influence the latter is not borne out by the case of Malta. Indeed, independent Malta proved capable to frustrating and compromising Britain's efforts to pursue its own national interests in cutting back on defence commitments to the island. Moreover, the dispute over defence reductions in the first half of 1967 demonstrated that, from the British perspective, remaining links with Malta after formal independence in 1964 were as ineluctably extensive as they were increasingly unwelcome. Although Borg Olivier ultimately accepted a compromise over British military retrenchment, the whole episode underlined the ability of the Maltese to manipulate, and even derail, British plans to loosen post-imperial ties. A similar tendency can be identified with respect to the vexed question of the ownership of the Malta dockyard.

Malta dockyard

In 1958, the Welsh ship-building firm, C. H. Bailey Limited, had been invited by the British government to establish a company in Malta for the purpose of converting the naval dockyard to commercial use.¹⁵⁶ A year later, Bailey (Malta) Limited began this task with the assistance of loans from the British government. The experiment soon turned sour and following claims that the company had engaged in inappropriate financial transactions, London stipulated that three independent directors be appointed in 1961. Following their resignation in April 1962, J. R. Muirie of the chartered accountants, Peat, Marwick, Mitchell and Co., was appointed to inspect Bailey (Malta) Limited's accounts. His report, printed as a Parliamentary paper,¹⁵⁷ convinced the British that the company had been conducting its affairs in an improper manner which resulted in court action being taken to recover the estimated £3.1 million in loans already granted. Subsequently, the Malta government established a Council of Administration to administer the company and conduct its business, while at the same time the directors of Bailey (Malta) were stripped of their functions. In early 1965, the Secretary of State for Commonwealth Relations, A. G. Bottomley, suggested pursuing an out of court settlement with the Baileys, observing that this was favoured by the government of Malta which yearned for the achievement of permanent arrangements for the future of the dockyard.¹⁵⁸ In order to bring about a swift resolution of the dispute with Bailey (Malta), Bottomley proposed to offer up to £500 000 for its shares although he admitted that it might be necessary to exceed this figure to reach a settlement. As he lugubriously noted: 'Baileys were not the right firm for this job, and we shall have to pay to get rid of them'.¹⁵⁹ Resolution of the dockyard dilemma was complicated, from the British perspective, by the attitude of the Maltese government.

On the one hand, the government of Malta recognised that 'As long as the Baileys are the shareholders of the Company it would not be possible to dispose of the disputes with the Baileys without their consent'.¹⁶⁰ On the other hand, the Borg Olivier government was

concerned about the domestic political repercussions of pursuing nationalisation. At the end of 1967, for instance, the newly-appointed Secretary of State for Commonwealth Relations, G. R. Thomson, reported that, despite the British 'continuously pressing' the Maltese government to nationalise the dockyard over the previous eighteen months, it had become clear that, as Borg Olivier had failed to secure the cooperation of the Malta Labour Party and the General Workers' Union, he would remain passive for fear that to act alone risked attracting all the blame if the dockyard failed to prosper after nationalisation.¹⁶¹ Referring to the future of the dockyard, Thomson emphasised that 'As long as it remains unsolved, we shall continue to be, as it were, the pig in the middle, with the Maltese Government on the one hand trying to exploit the game as much as they can, at our expense, and the Baileys on the other steadily piling up their claims on the British Government year by year'.¹⁶² Thomson also pointed out that a resolution to the problem of the dockyard's ownership would be the 'biggest contribution' that Britain could make to the sound development of the Maltese economy and hence the smooth rundown of British forces.¹⁶³

Given the doubts surrounding nationalisation, Thomson recommended the removal of the Baileys through an out of court settlement at a cash cost to Britain of some £3 million in addition to writing off all of its £8.4 million in loans to the company.¹⁶⁴ From the legal perspective, the Labour government's Attorney-General, Sir Elwyn Jones described these sums as 'extravagant and unrealistic',¹⁶⁵ while the Chief Secretary to the Treasury, John Diamond, stressed that they would be 'extra to what we have already decided we can afford to spend in pursuance of our overseas policies'.¹⁶⁶ Diamond proceeded to depict the dockyard as 'essentially a Maltese problem', criticising Thomson's approach as one which would involve spending money 'to try and deal with a political problem domestic to Malta'.¹⁶⁷ For Diamond, it was Malta's responsibility to solve the dockyard problem, through nationalisation if necessary. He consequently rejected providing any new money, concluding that 'we have here an inherently unstable situation which it is beyond our power (and certainly beyond the power of our purse) to stabilise'.¹⁶⁸

In response, Thomson noted that he had put forward the sum of £3 million 'as a political price it would in the long run be economical for us to pay to remove this obstacle in the way of the present Government Malta making progress with its plans and to enable our rundown to proceed smoothly'.¹⁶⁹ He added that if no new money were forthcoming, the government of Malta would have to find a considerable sum itself to solve a problem for which Britain should assume 'prime responsibility'.¹⁷⁰ '[W]e put the Baileys in during the days of direct rule, and the heritage of their mismanagement had not been cleared up at the time of independence five years later', Thomson asserted.¹⁷¹ While recognising that there was no certainty that a solution to the problem of the dockyard's ownership would secure the future of Borg Olivier's government, Thomson characterised it as the 'greatest single factor in ensuring an orderly rundown of our forces and in keeping Malta stable and Westward-looking'.¹⁷² In a separate submission for the Defence and Overseas Policy Committee, he warned that failure to resolve the ownership issue could lead to 'violent disturbances on the island and the risk of a political take-over by Mr. Mintoff, and the conversion of Malta into a neutralist island, undermining NATO's Southern flank, damaging our relations with our NATO allies'.¹⁷³ The Defence Policy Staff of the Chiefs of Staff Committee had already postulated that 'Were the Opposition to

come to power . . . it is almost certain that Mintoff would adopt a policy of, at best, non-alignment and at worst hostility'.¹⁷⁴

In Thomson's judgment, the dockyard could not develop freely as a commercial enterprise without a resolution to the ownership dilemma.¹⁷⁵ During discussions in the Defence and Overseas Policy Committee, Thomson impressed upon his colleagues that failure to solve the dockyard issue risked a disorderly departure of British forces from Malta, coupled with the permanent loss of defence facilities in Malta to both Britain and NATO.¹⁷⁶ 'Such developments', he warned, 'would bring severe criticism from public opinion in this country, from the Maltese themselves and from our NATO allies, with some economic damage to our interests'.¹⁷⁷ John Diamond, nonetheless, continued to jib at Thomson's proposal for an out of court settlement with the Baileys of up to £3 million and the writing off of British loans worth £8.4 million, pointing out that the Commonwealth Secretary's suggestion would 'involve most of the new money being given to the Baileys whose mismanagement of the dockyard was notorious and whose integrity had been challenged by the auditors'.¹⁷⁸

Diamond's intransigence notwithstanding, concern was expressed at the Defence and Overseas Policy Committee that an enforced British military withdrawal from Malta would be 'highly damaging'.¹⁷⁹ The Lord Privy Seal, Lord Shackleton, was consequently charged with reviewing the whole issue of the ownership of the dockyard. During an ad hoc meeting under Shackleton's chairmanship on 27 February 1968, the Commonwealth Relations Office's Assistant Legal Adviser, Sir Arthur Grattan-Bellow, opined that it would be feasible to make Bailey (Malta) Limited bankrupt and transfer the assets to the Maltese government without closing the dockyard in the meantime.¹⁸⁰ Events quickly overtook discussion of the legal niceties of the problem of ownership. Two days later in Cabinet, Thomson reported that the situation in the dockyard had become 'critical' with closure a distinct possibility in as little as 10 days' time.¹⁸¹ He also warned that Mintoff was scheming to use his influence with the General Workers' Union with a view to bringing down Borg Olivier's government. To make matters worse, the emerging crisis over the dockyard's future coincided with the first discharge notices stemming from the services' run-down in Malta. Drawing on the advice of High Commissioner Sir Geofroy Tory, Thomson notified his Cabinet colleagues that divided loyalties among the local police and the Malta Land Forces made them unreliable in a crisis.¹⁸² Clearly impressed by what he had heard, Prime Minister Wilson concluded that there was a 'clear risk that a critical situation might arise in Malta'.¹⁸³ Lord Shackleton was consequently charged with seeking a solution to the problem of the ownership of the dockyard.

Although it was initially planned to invite Borg Olivier to enter discussions in London, the urgency of the situation demanded that Shackleton travel to Malta to engage in immediate face-to-face talks. Preliminary meetings between British officials accompanying Shackleton and Dr E. Mizzi, the Deputy Crown Advocate-General, revealed that the government of Malta were contemplating nationalising the dockyard.¹⁸⁴ Mizzi also informed the British delegation that the Maltese could not co-operate if bankruptcy were launched by the British government since the proceedings would be contested by the Baileys leading to lengthy delays.¹⁸⁵ During subsequent intensive talks with Borg Olivier and other representatives of the Maltese government, the Minister of Finance, Dr G. Felice, also impressed upon the British side that 'Having given the Dockyard to the

Baileys in the first place, the British Government would be subject to very severe criticism if they now started to put the Company into bankruptcy'.¹⁸⁶

High Commissioner Tory warned the Commonwealth Relations Office that if Britain persisted with pushing through bankruptcy, and the government of Malta failed to find an alternative solution on its own, the dockyard would close on 31 March 1968, resulting in some 4500 men with 'militant and politically motivated leaders' being thrown out of work.¹⁸⁷ Tory proceeded to claim that Mintoff was working for this result with a view to precipitating an early change of government. In these circumstances, opined Tory, Mintoff would seek to 'neutralise Malta in an easterly direction' with the result that 'British forces would be expelled and in consequence NATO's southern flank exposed at a moment when the NATO Council have become very sensitive to this danger'.¹⁸⁸ Nevertheless, he expressed hope that a settlement could still be negotiated which would be financially tolerable to Britain, resolve the dockyard ownership dispute, and also strengthen Borg Olivier's political position in Malta.¹⁸⁹ Tory's optimism was soon vindicated. In an exchange of letters on 31 March 1968, Shackleton and Borg Olivier reached an agreement based on the nationalisation of the dockyard and the winding up of Bailey (Malta) Limited.¹⁹⁰ Relaying details of the negotiations to Harold Wilson, Shackleton recorded that the British side had consented to provide additional aid to Malta beyond the expiry of the 1964 Financial Agreement to the tune of £3 million in the course of the financial years 1974–5 and 1975–6.¹⁹¹ In Cabinet, Shackleton explained there was acceptance that the implementation of Britain's undertaking would 'fully discharge all obligations of any kind' that it had incurred towards the government of Malta with respect to the dockyard.¹⁹²

In contradistinction with the historiography on Britain's relations with its former dependencies examined in the introduction, the example provided by the Malta, especially with respect to the dockyard, indicates that the British, far from setting their sights on the 'maintenance of an imperial role as opposed to imperial rule' as A. J. Stockwell contends, were in fact seeking to reduce, even jettison, their remaining commitments altogether. It is true that resolving the ownership of the dockyard did demonstrate a greater degree of cooperation between Britain and Malta than, for instance, the controversial services' rundown. Nevertheless, this stemmed from the fact that British and Maltese interests cohered to a greater extent, particularly with respect to the desirability nationalising the dockyard. Borg Olivier's leverage over the former imperial power was also enhanced by Britain's fear that failure to reach an acceptable settlement for the future of the dockyard risked the coming to power of Dom Mintoff who was seen as hostile to Western interests. Moreover, a final resolution was only achieved through Britain agreeing to extend additional aid to Malta beyond the ending of the 1964 Financial Agreement as outlined above. This is all the more remarkable as the 1964 Agreement was supposed to be, as previously noted, 'a final and all-embracing one intended to remove in future all the tedious, unpleasant, and dishonest arguments in the past'.¹⁹³ Although Wilson congratulated Shackleton on the successful conclusion of negotiations,¹⁹⁴ the new spirit of Anglo-Maltese concord and cooperation proved ephemeral as disputes over the 1964 Financial Agreement flared up in 1969–70.

Financial aid

Towards the end of 1969, the Foreign and Commonwealth Office's representative on the Chiefs of Staff Committee, R. A. Sykes, asserted that 'Malta presented a difficult problem as it was of limited national value and its importance lay in the NATO context. Our aim was principally negative, namely to deny the use of Malta to the Soviet Union'.¹⁹⁵ Earlier in the year, the Assistant Under-Secretary at the Ministry of Defence, Ewen Broadbent, had pointed out that with the reduction of the British presence in the Mediterranean and also the NATO preoccupation with Soviet activity in the region 'the balance of interest as between NATO and ourselves is undergoing a major shift'.¹⁹⁶ 'It seems to us', he continued, 'that our aim should be to get this change reflected in an equivalent shift from us to NATO of acknowledged responsibility for the defence of Malta and for the financial implications of keeping Malta on the side of the West'.¹⁹⁷ Despite this earnest wish to divest Britain of responsibility for Malta, controversies over the balance of grant to loan offered under the 1964 Financial Agreement demonstrated the difficulties of achieving this objective. What-is-more, the Maltese once again proved capable of not merely upsetting British plans to limit post-independence liabilities on the island, but also extracting considerably better terms from the British government than London had initially envisaged.

In the course of 1969 and 1970, an intense debate in British ministerial circles emerged over the conditions under which the remaining £19 million available from the 1964 Financial Agreement would be offered to Malta. The prevailing interpretations outlined in the introduction, especially Wm. Roger Louis and Ronald Robinson's claim that through the process of decolonisation Britain was seeking to exchange colonial control for informal empire, are not supported by the case of Malta. More particularly the controversies over financial aid in the late 1960s and early 1970s underline not only the limits of Britain's influence over independent Malta, but also the former imperial power's wish to discard remaining commitments stemming from the colonial era, even to the extent of transferring financial and defence ties to its NATO allies.

Although the Foreign and Commonwealth Secretary, Michael Stewart, proposed in February 1969 to make a final offer on financial aid in the ratio of 75% grant to 25% loan, he came up against opposition from the Treasury which had been looking to reduce expenditure in order to improve the balance of payments position following the devaluation of sterling in November 1967.¹⁹⁸ In response to Stewart's proposal, the Chancellor of the Exchequer, Roy Jenkins, asserted that on financial and economic criteria Malta had 'not got a leg to stand on' in refusing an earlier offer of 50% grant to 50% loan, adding that the only justification of accepting the 75: 25 formula would be fear of imperilling British and NATO defence interests on the island.¹⁹⁹ Expressing concern that if Britain remained inflexible Borg Olivier would press for 100% grant, Sir Geofroy Tory made the case for offering the Maltese premier 75% grant.²⁰⁰

Supporting the High Commissioner's position, Michael Stewart observed in March 1969 that 'the importance of United Kingdom defence and political interests in Malta has increased in proportion to the growth of the Soviet threat in the Mediterranean over the past two years and is likely to increase still further as our defence effort is concentrated in Europe'.²⁰¹ He also characterised the controversy over aid as the 'last major obstacle to the smooth development of Anglo-Maltese relations during the

remaining years of the *Rundown* and of the *Defence Agreement*'.²⁰² Keeping the British relationship with Malta on the 'lowest possible key', suggested Stewart, would facilitate Borg Olivier's return to power in the 1971 Maltese general election.²⁰³ While accepting that 75% grant would be financially costly, Stewart insisted that 'any alternative arrangements that we might be able to make to replace those that we already have in Malta could well turn out to be more expensive in the end'.²⁰⁴

Stewart's colleagues on the Defence and Overseas Policy Committee, however, were not persuaded by his arguments, pointing out that Malta's relative prosperity meant that 'there was no economic case for such generous terms'.²⁰⁵ They also noted that, since previous experience of negotiating with the Maltese had suggested that 'no concession would ever be regarded as final', it would merely be 'inviting trouble' if Britain offered an improvement on terms that, as recently as January 1969, ministers had presented as being a 'considered offer'.²⁰⁶ Consequently, the Cabinet determined to persist with the original 50% grant to 50% aid. Unsurprisingly, the government of Malta not only refused the offer, but also requested the revision of the 1964 Defence and Financial Agreements.²⁰⁷ To make matters worse, High Commissioner Tory and the Heads of the Services in Malta warned of the likelihood of the 'harassing measures' being taken by the Maltese government against British forces on the island unless Britain was prepared to make a 'substantially better' offer than the 50:50 one.²⁰⁸

Returning to his recommendation that the British government seek a settlement on the basis of 75% grant to 25% loan, Stewart pointed out that once the issue became public knowledge in Malta, each political party would be 'exposed to the temptation to outbid the other in patriotic fervour, with incalculable results'.²⁰⁹ He received support from Defence Secretary Denis Healey who remarked that it would be 'politically impossible' for Dr Borg Olivier to accept less favourable terms for the second quinquennium of the *Defence Agreement* than he achieved in the first.²¹⁰ He also stressed that 'a quarrel with the Maltese at this time and over this issue would shake the confidence of our NATO partners and of our other friends in the Mediterranean in our political wisdom and cast doubt on our resolution to continue to exert our influence in the Mediterranean theatre'.²¹¹ Healey concluded that 'if the situation were to get out of hand we should risk our entire military position in Malta'.²¹²

While accepting during discussions at the Defence and Overseas Policy Committee towards the end of April 1969 that it was not possible to predict whether the Soviet Union would gain a foothold in Malta if Britain refused to revisit the 50:50 offer, Healey declared it was clear 'the risk existed and that we should be blamed by our allies for creating that risk'.²¹³ Supporting Healey's position, Michael Stewart highlighted the NATO Secretary-General's view that 'if Malta became available to the Soviet Union this would represent a major setback for NATO'.²¹⁴ John Diamond, however, remained unmoved by these arguments. Pointing out that Malta's gross national product had 'grown considerably beyond the expectations of only a few years ago', he averred that 'more generous aid could not be justified on economic or financial grounds'.²¹⁵ Recalling that the proposed 50:50 ratio of grant to loan was already an improvement on the original offer of 25:75, Diamond declared: 'If we made a further concession the Malta Government would merely ask for more'.²¹⁶ Dismissing defence arguments, he insisted that 'we should not allow ourselves to be blackmailed'.²¹⁷ The failure of the DOPC to reach a consensus necessitated referring the issue of financial assistance to the full Cabinet.

Accepting that there was 'no economic case' for aid on the scale which the Maltese were requesting, Stewart focused on the 'high cost, in both economic and financial terms, of the harassment which the Malta Government would be likely to engage in if we refused to negotiate further'.²¹⁸ The Cabinet, however, determined to 'stand firm' on the offer of 50:50 ratio of grant to loan. In reaching this decision, it was pointed out that 'it would be wrong to surrender to threats; that the material interest of the Maltese was heavily weighted in favour of reaching some accommodation with us; and that it was unlikely that they would act so irrationally as to cause us to leave the island'.²¹⁹

The Secretary of the Maltese Ministry of Commonwealth and Foreign Affairs, F. E. Amato-Gauci, had already described Britain's approach to the question of financial assistance as 'inadequate and unrealistic' bearing in mind the prospective reduction in British expenditure on stationing troops in Malta as a result of the services' rundown.²²⁰ Amato-Gauci also made reference to Britain's responsibility for the decision to devalue sterling in November 1967 with its implications for the relative value of British aid.²²¹ Unsurprisingly, Borg Olivier refused to accept British proposals, one consequence of which was the suspension of aid to Malta. Accounting for Borg Olivier's stance, Stewart and Healey pointed out that it was 'politically impossible' for the Maltese premier to accept less favourable terms for the second five years of the 1964 Financial Agreement than the first.²²² They consequently urged the Cabinet to revisit their earlier proposal of offering 75% grant to 25% loan, concentrating on Malta's growing importance to NATO in view of the 'expanding Russian naval presence in the Mediterranean',²²³ together with the actual and potential use by the Russian navy of facilities in Egypt and Algeria to support and consolidate that presence'.²²⁴ Stressing the importance of denying Malta to the Russians and keeping the island 'firmly linked to the West', Stewart and Healey also pointed out that it would be a 'resounding blow to NATO's and our prestige if Malta, which has for so long been so closely linked with the West, were to turn neutralist'.²²⁵ They emphasised that the dispute on aid jeopardised Britain's longer term aims of fostering a 'much closer' association between Malta and NATO and also transferring British responsibilities on the island to the Alliance.²²⁶ Equally they posited that these objectives would be facilitated by the continuance in office of Borg Olivier which in turn would be more likely if he emerged 'without dishonour' from the aid negotiations.²²⁷ Indeed, High Commissioner Tory had already opined that 'if Mintoff came to power this would be likely to bring about within at most a year of his victory at election withdrawal of both NATO and British national forces', adding that the Malta Labour Party leader had 'never varied his public or private hostility to NATO, or ceased to proclaim his objective of the neutralisation of Malta'.²²⁸

In Cabinet on 12 March 1970, Healey went so far as to conjecture that if Mintoff won forthcoming elections in Malta 'he would, at best, demand a high price for our continued presence; and at worst might break with NATO completely, with the gravest strategic consequences to NATO's position'.²²⁹ Referring to the 1969 military seizure of power in Libya, Healey also warned his Cabinet colleagues that 'the coup in Libya, although it had eliminated a national commitment which required the use of Malta, now opened up the prospect of a situation in which Soviet influence could be dominant in all the countries on the southern shore of the Mediterranean'.²³⁰ Despite Healey's admonitions, the Cabinet decided, by a narrow majority, not to go beyond the offer of aid on the basis of 50% grant and 50% loan.²³¹ In reaching this determination, the Cabinet was mindful that 'to make

a further concession now would savour of weakness, leaving us the more likely to be subjected to further pressures'.²³² Frustration with Malta's ongoing financial demands was memorably articulated by the new British High Commissioner in Valletta, Sir Duncan Watson, who observed in April 1970:

we are all tired of the perpetual involvement in Maltese methods of selling carpets to Britain; we must seek so far as we can to escape from that and get on to a different relationship. It is not easy to bring the Maltese, after centuries of dependence on an external power, to real and realistic independence.²³³

In response to the Cabinet's refusal to offer improved terms, the Maltese government defaulted on the servicing of loans which Britain had already granted.²³⁴ The fall of the Labour government in the June 1970 general election left the unenviable task of resolving the increasingly fractious issue of aid to the Conservative administration of Edward Heath.

The new Secretaries of State at the FCO and the MoD, Sir Alec Douglas-Home and Lord Carrington respectively, quickly reached similar conclusions to their Labour predecessors regarding the merits of offering aid on the basis of 75% grant to 25% loan.²³⁵ 'While we cannot guarantee that a settlement of the aid dispute will secure our longer term interests in Malta', commented Douglas-Home and Carrington, 'it should serve to protect our interests at least until 1974 and improve the prospects for a satisfactory association between NATO and Malta'.²³⁶ Officials from the FCO and the MoD had already sought to make a connection between the resolution of the aid dispute and the wider objectives of not only fostering a 'much closer association' between Malta and NATO, but also shifting Britain's defence and financial responsibilities to the Alliance.²³⁷ In a similar vein, the Cabinet Secretary, Sir Burke Trend, pragmatically noted that 'if it is possible to get out of this impasse with the Maltese by a settlement within the limits of the present proposals, it will remain very important to try thereafter to achieve a closer association between NATO and Malta so that future costs of preserving Maltese co-operation do not fall exclusively on us'.²³⁸

During discussions in the Defence and Overseas Policy Committee on the vexed question of financial assistance, Douglas-Home highlighted NATO's concern about the 'potential dangers to the Alliance's military position in the Mediterranean if the present disagreement resulted in any loss of facilities in Malta or if, even worse, the Russians were to become established there'.²³⁹ He drew to his colleagues' attention to the complication that 'failure to reach agreement could not but weaken Dr Borg Olivier's chances in the forthcoming Malta elections, and the prospect of having to deal with a Government headed by Mr Mintoff was uninviting'.²⁴⁰ Although the DOPC recognised that 'even if we were to grant assistance on the terms proposed there could be no guarantee that the expenditure would achieve our aim of safeguarding our own and NATO interests in Malta', there was agreement that the balance of advantage lay in reopening negotiations on the basis of offering more generous terms to the Maltese.²⁴¹

Despite Burke Trend's warning of the 'dangers in spoiling the ship for a ha'porth of tar',²⁴² the Maltese were initially offered 70% grant to 30% loan. Unsurprisingly the offer was rejected, Douglas-Home reporting that Borg Olivier was 'holding out stubbornly' for the 75:25 ratio of grant to loan on which he believed his election chances depended.²⁴³ The Foreign Secretary consequently advocated settling for the 75:25 formula. While recognising the desirability of securing from Borg Olivier an assurance that if he were

returned to power he would endeavour to make sure that the relationship with NATO was 'developed fruitfully', Douglas-Home accepted High Commissioner Watson's advice that it would be 'tricky' and 'counter-productive' to try and achieve this in the context of the aid negotiations.²⁴⁴ This prompted the Chancellor of the Exchequer, Anthony Barber, to comment that it was 'very disappointing to see that the Maltese have successfully beaten us back all along the line without making a single worthwhile concession'.²⁴⁵ Douglas-Home did, nonetheless, recommend rejecting Borg Olivier's attempt to persuade the British to pay the interest on loans which the Maltese had taken out to maintain development projects as a result of the suspension of British aid during the protracted negotiations.²⁴⁶ Reflecting a hardening of British attitudes, Edward Heath confirmed: 'Not a penny'.²⁴⁷ Indeed, while Douglas-Home and Carrington advanced similar arguments to their Labour predecessors regarding the settlement of the dispute over the terms under which the remaining funds from the 1964 Financial Agreement should be extended to Malta, the Heath government demonstrated an even greater determination to transfer responsibility for Malta to Britain's NATO allies. Responding in October 1970 to Chancellor of the Duchy of Lancaster, Geoffrey Rippon's, report to the Cabinet that agreement had been reached with the Maltese government on the basis of 75% grant to 25% loan for the remainder of the 1964 Financial Agreement, Heath asserted:

The present situation in regard to aid to Malta was unsatisfactory and could not be allowed to continue indefinitely. Although we must discharge our existing obligations, we must be on our guard against assuming any additional commitments. Since the defence facilities provided by Malta were now primarily of interest to the North Atlantic Treaty Organisation (NATO), it would be logical that NATO should assume financial responsibility for them.²⁴⁸

Conclusion

Heath's remarks reveal the increasing British exasperation and disenchantment with its post-imperial relationship with Malta. While Britain undoubtedly sought to exercise influence over its former colony in the years immediately following formal constitutional separation in September 1964, especially with respect to its remaining military and financial commitments to Malta, this invariably proved a forlorn enterprise. Indeed, rather than being influenced by the former colonial power, Malta used persuasion, cajolery, and even threats as in the case of the harassment of British forces during the defence run-down controversy, to extract the maximum advantage from Britain. Borg Olivier's Nationalist government enjoyed additional leverage in view of Britain's wish to keep it in power for fear that an administration led by Malta Labour Party leader Dom Mintoff would not only prove more damaging to its remaining interests, but also set out to wring still greater concessions from the former imperial power.²⁴⁹ Even in this endeavour the British proved unsuccessful with Borg Olivier's defeat in the 1971 Maltese general election and the return to power of Dom Mintoff's Malta Labour Party determined to obtain greater financial recompense for Britain's remaining military presence on the island.²⁵⁰

Mintoff's victory in 1971 enhanced still further the Heath government's growing determination to loosen ties with Malta. Indeed, British policy by this time had taken on the appearance of striving, not always successfully, to limit Britain's remaining obligations to Malta deriving from the colonial period while increasingly seeking, where possible, to

transfer its responsibilities to others, not least its NATO allies. In his memoirs, Lord Carrington recalled that 'We involved NATO in the Malta negotiation. We reckoned it was an Alliance interest to get some sort of settlement and if that involved cash—and it did—we put it to our allies that there should be an Allied subscription list'.²⁵¹ Cabinet discussions in 1971 on a new military relationship with Malta underscored growing British keenness to consider the island as a NATO, rather than an exclusively British responsibility. The defence facilities in Malta, for instance, were depicted as 'not vital to us', their significance resting on their 'value to the North Atlantic Treaty Organisation (NATO), particularly in so far as the Agreements enabled us to deny the use of the islands to the Soviet Government'.²⁵²

Reflecting these attitudes, Edward Heath speculated during fraught negotiations²⁵³ with Mintoff's government over a new defence agreement whether 'the time had come for a completely fresh approach, under which we might say to the Alliance that we were moving out of Malta and that, if they wanted to ensure Maltese neutrality, they would have to buy it for themselves'.²⁵⁴ Although dissuaded by Cabinet colleagues from taking quite such a radical step, Heath supported the principle of NATO contributions to the £14 million annual payment for the continued use of Maltese defence facilities demanded by Mintoff on which agreement was eventually reached.²⁵⁵ Rather than endeavouring to transform formal into informal empire and control into influence as the existing historiography suggests, Britain was seeking to divest itself of as many of the remaining ties stemming from the colonial period as possible. In this sense, the legacies of empire in Malta, and the remaining commitments they entailed, were increasingly unwelcome for Britain and policy came to embody this in the years following independence. Ruminating on the transition of power between Britain and Malta during discussions with Michael Gonzi, the veteran Archbishop of Malta, Heath observed: 'Mr. Mintoff seemed to feel that Malta was still a colony and he had to fight the British Government as if it were a colonial power. Malta was now independent, and, if the British Government were asked to leave, they would go'.²⁵⁶

Notes

1. Cyprus: Statement in the House of Commons by the Minister of State for Colonial Affairs, 28 July 1954, cited in Porter and Stockwell, *British Imperial Policy and Decolonisation, 1938–64: Volume 2, 1951–64*, 322.
2. Letter from Brittain (Second Secretary, Treasury) to Sir T. Lloyd, 22 June 1955, The National Archives, London (hereafter TNA), CO 926/249.
3. Letter from T. Drake to W. A. Morris, 19 August 1953, TNA, CO 926/403.
4. See Smith, 'Integration and disintegration: the attempted incorporation of Malta into the United Kingdom and its failure in the 1950s,' 49–71.
5. Porter and Stockwell, *British Imperial Policy and Decolonisation: Volume 2, 1951–64*, p. 525.
6. Letter from Campbell to J. O. Moreton (Assistant Secretary, Colonial Office), 9 March 1960, TNA, CO 926/1245.
7. 'Malta': minute by Macleod, 25 May 1960, TNA, CO 926/1245.
8. *Ibid.*
9. 'Malta: constitutional changes': Cabinet Colonial Policy Committee, 20 July 1960, TNA, CAB 134/1559, CPC 6(60)1.
10. *House of Commons Debates*, vol. 627, col. 1649, 27 July 1960.
11. *House of Commons Debates*, vol. 627, col. 1650, 27 July 1960.

12. Thomas and Thompson, 'Rethinking Decolonization: A New Research Agenda for the Twenty-First Century,' 9.
13. *Ibid.*, 4.
14. *Ibid.* Emphasis in the original.
15. Stockwell, 'Ends of Empire,' 281.
16. Stockwell, 'Exporting Britishness: Decolonization in Africa, the British State and its Clients,' 169.
17. Stockwell, 'Britain and Decolonization in the Era of Global Challenge,' 79.
18. Darwin, 'Last Days of Empire,' 273.
19. Darwin, 'Britain's Withdrawal from East of Suez,' 149. See also Darwin, 'British Decolonization since 1945: A Pattern or a Puzzle?', 205.
20. Stockwell, *Ending the British Empire: What Did They Think They Were Doing?*, 24.
21. Thomas, *Fight or Flight: Britain, France, and their Roads from Empire*, 275–6.
22. Parsons, *The Second British Empire: In the Crucible of the Twentieth Century*, 146.
23. Gallagher and Robinson, 'The Imperialism of Free Trade,' 1. Gallagher subsequently wrote that "empire", as a set of colonies and other dependencies, was just the tip of the iceberg that made up the British world system as a whole, a system of influence as well as power which, indeed, preferred to work through informal methods of influence when possible, and through formal methods of rule only when necessary' (Gallagher, *The Decline, Revival and Fall of the British Empire*, 75).
24. Louis and Robinson, 'The Imperialism of Decolonization,' 493–4.
25. *Ibid.*, 485.
26. Louis and Robinson, 'Empire Preserv'd: How the Americans Put Anti-communism before Anti-imperialism,' 157.
27. Louis, 'Suez and Decolonization: Scrambling out of Africa and Asia,' 29.
28. Louis, 'Introduction,' 27.
29. For accounts of the end of formal empire in Malta, see Austin, *Malta and the End of Empire*; Pirota, *Fortress Colony: The Final Act, 1945–1964: Volume 3, 1958–1961*; Pirota, *Fortress Colony: The Final Act, 1945–1964: Volume 4, 1961–1964*.
30. Letter from Wakefield to Duncan Sandys, No. 158, 20 September 1964, The National Archives (hereafter TNA), DO 202/24. See also, Lyttelton, *The Memoirs of Lord Chandos*, 426.
31. Letter from Wakefield to Duncan Sandys, No. 158, 20 September 1964, TNA, DO 202/24.
32. Stockwell, *The British End of the British Empire*, 2.
33. Holland, *Blue-Water Empire: The British in the Mediterranean since 1800*, 329.
34. The following is based on Letter from Wakefield to Arthur Bottomley, 8 January 1965, TNA, FO 371/182888/R 1015/3/G.
35. *Agreement on Mutual Defence and Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta 21 September 1964* Cmnd 3110.
36. For an account of the conflict between Mintoff's Malta Labour Party and the Catholic Church in Malta, see Smith, 'Priests and Politicians: Archbishop Michael Gonzi, Dom Mintoff and the End of Empire in Malta,' 113–24. Reflecting in his memoirs on the development of his scepticism towards established religion on the island, Mintoff remarked that 'What probably prejudiced my mind and led to the steady transformation of these doubts into anti-Catholic convictions was the anti-social political orientation of Malta's Catholicism' (Mintoff, *Mintoff, Malta, Mediterra: My Youth*, 190).
37. *Statement on Defence 1962: The Next Five Years* Cmnd 1639, 1962.
38. Holland, *Blue-Water Empire*, 328–9.
39. Tomlinson, *The Labour Governments, 1964–70: Volume 3: Economic Policy*, 49.
40. Message from Wilson to Johnson, 24 October 1964, cited in Smith, *The Wilson-Johnson Correspondence, 1964–69*, 35–6.
41. *Ibid.*, 36.
42. Schenk, *The Decline of Sterling: Managing the Retreat of an International Currency, 1945–1992*, 159.

43. Ibid.
44. *Agreement on Financial Assistance between the Government of the United Kingdom and Northern Ireland and the Government of Malta, 21 September 1964*, Cmnd. 3111, 1966.
45. 'Malta', Minute by Hayes, 30 December 1964, TNA, OD 34/33.
46. Ibid.
47. Ibid.
48. *Agreement on Mutual Defence and Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta 21 September 1964* Cmnd 3110; *Agreement on Financial Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta, Malta, 21 September 1964* Cmnd 3111.
49. Extract from a letter from Martin to Sir N. Pritchard, 16 February 1965, attached to 'Malta: budgetary aid, 1965–6', Memorandum by the Commonwealth Relations Office for the Cabinet Defence and Oversea Policy Committee, 6 April 1965, TNA, CAB 148/42, OPD(O)(65)30.
50. Ibid.
51. Ibid.
52. Ibid.
53. Extract from a letter from Martin to J. M. Kisch, 3 March 1965, attached to 'Malta: budgetary aid, 1965–6', Memorandum by the Commonwealth Relations Office for the Cabinet Defence and Oversea Policy Committee, 6 April 1965, TNA, CAB 148/42, OPD(O)(65)30.
54. Ibid.
55. 'Malta: budgetary aid', Minute from Belcher to Barbara Castle, 22 March 1965, TNA, OD 34/33.
56. Ibid.
57. Ibid.
58. *House of Commons Debates (Hansard)*, 23 July 1964, Volume 699, col 711.
59. See note 55 above.
60. Ibid.
61. Under-Secretary, Finance and Western Hemisphere Division, Ministry of Overseas Development.
62. 'Malta: Budgetary aid', Minute by Hayes, 22 March 1965, TNA, OD 34/33.
63. Ibid.
64. Ibid.
65. Ibid.
66. Letter from Hayes to C. S. Pickard (Assistant Under-Secretary of State, CRO), 29 March 1965, TNA, OD 34/33.
67. Ibid.
68. Ibid.
69. Ibid.
70. Ibid.
71. The following is based on 'Malta: budgetary aid, 1965–6', Memorandum by the Commonwealth Relations Office for the Cabinet Defence and Oversea Policy Committee, 6 April 1965, TNA, CAB 148/42, OPD(O)(65)30.
72. The following is based on Telegram from Martin to the Commonwealth Relations Office, No. 57, 7 April 1965, TNA, OD 34/34. Emphasis in the original.
73. The following is based on 'Malta: budgetary aid, 1965–66', Cabinet Defence and Oversea Policy Committee minutes, 12 April 1965, TNA, CAB 148/18, OPD 21(65)5.
74. In her diary, she confided that 'I nearly burst a blood vessel arguing' (Castle, *The Castle diaries, 1964–1970*, 28).
75. 'Malta: budgetary aid, 1965–66', Cabinet Defence and Oversea Policy Committee minutes, 12 April 1965, TNA, CAB 148/18, OPD 21(65)5.
76. Ibid.
77. Ibid.
78. Ibid.

79. 'Malta: budgetary aid', Memorandum by Bottomley and Castle for the Cabinet Defence and Oversea Policy Committee, 13 July 1965, TNA, CAB 148/22, OPD(65)113.
80. Ibid.
81. Ibid.
82. 'The strategic importance of Malta', Chiefs of Staff Committee report, 25 April 1958, TNA, DEFE 5/83, COS(58)122; 'The strategic importance of Malta', Chiefs of Staff Committee report, 11 April 1960, TNA, DEFE 5/101, COS(60)93, Annexe.
83. 'Future of Malta as a naval base', Note by Sir Caspar John (First Sea Lord), 10 August 1961, TNA, DEFE 5/116, COS(61)266; Minutes of a meeting of the Chiefs of Staff Committee, 7 September 1961, TNA, DEFE 4/138, COS 59(61)2; Minute by N. B. J. Huijsman, 10 November 1961, TNA, CO 926/1310; Minute by J. M. Kisch, 15 November 1961, TNA, CO 926/1309.
84. *Agreement on Mutual Defence and Assistance between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta 21 September 1964* Cmnd 3110.
85. Referring to Malta, Colonial Secretary Iain Macleod had specifically declared: 'It is not possible, as it was in Cyprus to think of having sovereign bases within the island' ('Malta': minute by Macleod, 25 May 1960, TNA, CO 926/1245).
86. 'Use of Malta or Cyprus for provision of aircraft support to CENTO', Memorandum by Bottomley for Cabinet Defence and Oversea Policy Committee, 19 November 1965, TNA, CAB 148/24, OPD(65)181.
87. Letter from Martin to J. M. Kisch, 3 March 1965, attached to 'Malta: budgetary aid 1965-6', CRO memorandum for Cabinet Defence and Oversea Policy (Official) Committee, 6 April 1965, TNA, CAB 148/42, OPD(O)(65)30.
88. See Dockrill, 'Britain's Power and Influence: Dealing with Three Roles and the Wilson Government's Defence Debate at Chequers in November 1964', 211-240.
89. Young, *The Labour Governments, 1964-70: Volume 2: International Policy*, 55.
90. 'Defence policy': record of a meeting at 10 Downing Street of ministers, service chiefs, and senior officials, 13 November 1964, cited in Ashton and Louis, *East of Suez and the Commonwealth, 1964-1971: Part I*, 39.
91. 'Defence review', Cabinet Defence and Oversea Policy Committee minutes, 24 November 1965, TNA, CAB 148/18/53, OPD 52(65)1.
92. The following is based on 'Malta', Memorandum by Hughes, 13 January 1966, TNA, CAB 148/26, OPD(66)7.
93. NATO retained a headquarters with around 150 personnel in Malta. In 1964, on the eve of Malta's independence, the Chiefs of Staff Committee recorded that 'Malta is so sited geographically that it could be a strategic asset of very great value to the Soviets or other unfriendly power. It is therefore of importance to NATO that Malta's adherence to the West be maintained' (Chiefs of Staff Committee: 'Military aspects of the future relationship between Malta and NATO', Note by the Directors of Defence Plans, 6 August 1964, TNA, DEFE 6/95, DP Note 25/64).
94. 'Malta', Memorandum by Hughes, 13 January 1966, TNA, CAB 148/26, OPD(66)7.
95. 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 1 February 1966, TNA, CAB 148/25, OPD 9(66)5.
96. 'Defence review: Malta', Memorandum by Bottomley 3 August 1966, TNA, CAB 148/28, OPD (66)86.
97. 'Defence review: Malta', Cabinet Defence and Oversea Policy Committee minutes, 5 August 1966, TNA, CAB 148/25, OPD 34(66)2.
98. Ibid.
99. Ibid.
100. Under the terms of the 1965 White Paper on Immigration from the Commonwealth, 1000 of the proposed 8500 vouchers granted annually had already been set aside specifically for the 'special case' of Malta (Ashton and Louis, *East of Suez and the Commonwealth, 1964-1971: Part I*, cxxi).

101. See note 97 above.
102. Ibid.
103. Ibid.
104. Ibid.
105. Ibid.
106. The following is based on 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 12 October 1966, TNA, CAB 148/25, OPD 39(66).
107. The following is based on 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 19 October 1966, TNA, CAB 148/25, OPD 41(66)5.
108. Letter from Brown to C. E. Diggines, 17 December 1966, TNA, DO 202/29.
109. Malta despatch no. 7/66 from Martin to Bowden, 5 December 1966, TNA, DO 202/24.
110. *House of Lords Debates (Hansard)*, Volume 279, 24 January 1967, cols. 447–9.
111. 'Malta', Cabinet conclusions, 19 January 1967, TNA, CAB 128/42, CC 2(67)3.
112. Ibid.
113. Letter from Martin to Bowden, 31 January 1967, TNA, FCO 27/190.
114. Ibid.
115. Crossman, *The Diaries of a Cabinet Minister: Volume 2: Lord President of the Council and Leader of the House of Commons, 1966–68*, 227.
116. 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 2 February 1967, TNA, CAB 148/30, OPD 4(67)1.
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118. Ibid.
119. Ibid.
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122. Ibid.
123. 'Malta', Cabinet Defence and Oversea Policy minutes, 6 February 1967, TNA, CAB 148/30, OPD 5(67).
124. 'Defence Expenditure Studies', Minutes of a meeting of the Defence and Oversea Policy Committee, 9 December 1966, in Ashton and Louis, *East of Suez and the Commonwealth, 1964–1971: Part I*, 102.
125. *Statement of Defence Estimates 1966: Part I: The Defence Review* (London: HMSO, 1966), Cmnd. 2901.
126. See note 123 above.
127. Ibid.
128. Ibid.
129. Ibid.
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132. Ibid.
133. Ibid.
134. 'Malta', Cabinet Defence and Oversea Policy minutes, 17 February 1967, TNA, CAB 148/30, OPD 13(67)1.
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136. Ibid.
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138. Ibid., 251.
139. '£3 m. aid is conceded to Malta', *The Times*, 10 March 1967.
140. 'British warning to Malta', *The Times*, 11 March 1967.
141. *House of Commons Debates (Hansard)*, Volume 742, 10 March 1967, col. 1895.
142. Ibid.

143. 'Malta giving British plan a trial', *The Times*, 13 March 1967.
144. *House of Commons Debates (Hansard)*, Volume 743, 13 March 1967, col. 53.
145. *Ibid.*
146. *Ibid.*, cols. 53 and 56. See also 'Malta giving British plan a trial', *The Times*, 13 March 1967.
147. 'Resign demand to Dr. Borg Olivier', *The Times*, 14 March 1967.
148. *Ibid.*
149. Minute from Bowden to Healey, 19 May 1967, TNA, FCO 27/298.
150. *Ibid.*
151. *Ibid.*
152. *Ibid.*
153. Minute from Healey to Bowden, 2 June 1967, TNA, FCO 27/298.
154. *Ibid.*
155. *Ibid.*
156. *House of Commons Debates (Hansard)*: Malta Dockyard (Bailey Ltd.), 14 February 1963, Volume 671, col. 1487.
157. *Report by J. R. Muirie on Bailey (Malta) Ltd*, 15 August 1962, no 131 (London: Her Majesty's Stationery Office, 1963).
158. 'Malta dockyard: litigation with the Baileys', Memorandum by Bottomley, 15 February 1965, TNA, CAB 148/20, POD(65) 39.
159. *Ibid.*
160. Aide Memoire: The Future of the Malta Dockyard, attached to Memorandum for the Cabinet by the Hon. Prime Minister, 28 September 1967, National Archives of Malta, Cabinet Memos, No. 866,
<http://arkivji.org/atom2/uploads/r/null/7/3/73937/866.pdf> (accessed 27 June 2022).
161. 'Ownership of the Malta dockyard', Minute from Thomson to Roy Jenkins, 29 December 1967, TNA, T 317/929.
162. *Ibid.*
163. *Ibid.*
164. *Ibid.*
165. 'Ownership of the Malta dockyard', Minute by Jones to Thomson, 9 January 1968, TNA, FCO 27/331.
166. Letter from Diamond to Thomson, 1 February 1968, TNA, FCO 27/332.
167. *Ibid.*
168. *Ibid.*
169. 'Malta dockyard', Minute from Thomson to Diamond, 12 February 1968, TNA, FCO 27/332.
170. *Ibid.*
171. *Ibid.*
172. *Ibid.*
173. 'The dockyard crisis and its implications', Memorandum by Thomson, 12 February 1968, TNA, CAB 148/36, OPD(68)12. The High Commissioner, Sir Geofroy Tory, had earlier opined that if Mintoff came to power he would 'do his best to break Malta's links with the West' (Letter from Tory to the Secretary of State for Commonwealth Affairs, 25 July 1967, TNA, DEFE 24/125).
174. 'Malta', Chiefs of Staff Committee: Draft note by the Defence Policy Staff, 6 February 1968, TNA, DEFE 24/125, DP Note 5/68 (Draft). The Defence Policy Staff proceeded to caution that 'The Soviet Union appears to be cultivating the Malta Labour Party.'
175. 'The dockyard crisis and its implications', Memorandum by Thomson, 12 February 1968, TNA, CAB 148/36, OPD(68)12.
176. 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 14 February 1968, TNA, CAB 148/35, OPD 3(68)3.
177. *Ibid.*
178. *Ibid.*
179. *Ibid.*
180. 'Malta dockyard', Minutes of a meeting, 27 February 1968, TNA, CAB 130/378, MISC 200, 1(68).
181. 'Malta', Cabinet conclusions, 29 February 1968, TNA, CAB 128/43, CC 16(68)2.

182. Ibid.
183. Ibid.
184. Minutes of a meeting held in British High Commission, Valletta, 22 March 1968 at 3.15pm, TNA, CAB 164/558.
185. 'Meeting: 4pm, 22 March', Minute from E. H. G. Edmonds (Foreign and Commonwealth Office) to Lord Privy Seal, 22 March 1968, TNA, CAB 164/558.
186. Minutes of a meeting held at the Auberge d'Aragon, Valletta, on Saturday 23 March 1968, TNA, CAB 164/588.
187. Telegram from Valletta (Sir G. Tory) to the Commonwealth Office, No. 209, 24 March 1968, TNA, CAB 164/588.
188. Ibid.
189. Ibid.
190. Letter from Shackleton to Borg Olivier, 31 March 1968, CAB 164/558; Letter from Borg Olivier to Shackleton, 31 March 1968, TNA, CAB 164/588.
191. 'Malta dockyard', Minute from Shackleton to Wilson, 1 April 1968, TNA, CAB 164/588.
192. 'Malta', Cabinet conclusions, 2 April 1968, TNA, CAB 128/43, CC 25(68)1.
193. See note 45 above.
194. 'Malta', Cabinet conclusions, 2 April 1968, TNA, CAB 128/43, CC 25(68)1.
195. Chiefs of Staff Committee, Minutes of a meeting, 25 November 1969, TNA, DEFE 4/244, COS 47th meeting/69. See also Chiefs of Staff Committee: 'The importance of defence facilities in Malta in the 1970s', Note by the Defence Policy Staff, TNA, DEFE 4/244, DP Note 216/69 (Final), 7 November 1969.
196. Letter from Broadbent to D. V. Bendall (Assistant Under-Secretary of State, FCO), 28 February 1969, TNA, FCO 41/400.
197. Ibid.
198. See Cabinet conclusions: 'Public expenditure: post-devaluation measures', 4 January 1968 in Ashton and Louis, *East of Suez and the Commonwealth, 1964–1971: Part I*, 120.
199. Letter from Jenkins to Stewart, 24 February 1969, TNA, CAB 164/588.
200. Telegram no. 99 from Tory, 10 March 1969, TNA, CAB 148/92, OPD(69)14.
201. 'Malta: Agreement on financial assistance', Memorandum by Stewart, 14 March 1969, TNA, CAB 148/92, OPD(69)14.
202. Ibid.
203. Ibid.
204. Ibid.
205. 'Malta: Agreement on financial assistance', Cabinet Defence and Oversea Policy Committee minutes, 18 March 1969, TNA, CAB 148/91, OPD4(69)3.
206. Ibid.
207. 'Malta: Agreement on financial assistance', Memorandum by Stewart for the Cabinet Defence and Oversea Policy Committee, 15 April 1969, TNA, CAB 148/92, OPD(69)21.
208. Ibid.
209. Ibid.
210. 'Malta: Agreement on financial assistance', Memorandum by Healey for the Cabinet Defence and Oversea Policy Committee, 15 April 1969, TNA, CAB 148/92, OPD(69)22.
211. Ibid.
212. Ibid.
213. 'Malta: Agreement on Financial Assistance', Cabinet Defence and Oversea Policy Committee minutes, 25 April 1969, TNA, CAB 148/92, OPD(69)23.
214. Ibid.
215. Ibid.
216. Ibid.
217. Ibid.
218. 'Malta: Financial assistance', Cabinet conclusions, 1 May 1969, TNA, CAB 128/44, CC 20(69)4.
219. Ibid.

220. Submission by the Secretary, Ministry of Commonwealth and Foreign Affairs, on relations with Britain, 27 December 1967, National Archives of Malta, Cabinet Memos, No, 1210, <http://arkivji.org.mt/atom2/uploads/r/null/7/4/74220/1210.pdf> (accessed 26 June 2022).
221. *Ibid.*
222. 'Malta: Agreement on financial assistance', Memorandum by Stewart and Healey, 10 March 1970, TNA, CAB 129/149, C(70)43.
223. For an account of the Soviet expansion in the Mediterranean, see Nolfo, 'The Cold War and the Transformation of the Mediterranean, 1960–1975,' 238–57. In early 1968, the Defence Policy Staff of the Chiefs of Staff Committee recorded that 'Within NATO, developments in the Mediterranean are causing concern. The Soviet Naval presence has increased, and since the Arab-Israeli War, the Soviet Union has been making more active use of this presence' ('Malta', Chiefs of Staff Committee: Draft note by the Defence Policy Staff, 6 February 1968, TNA, DEFE 24/125, DP Note 5/68 (Draft)).
224. 'Malta: Agreement on financial assistance', Memorandum by Stewart and Healey, 10 March 1970, TNA, CAB 129/149, C(70)43.
225. *Ibid.*
226. *Ibid.*
227. *Ibid.*
228. Telegram from Tory to the Foreign and Commonwealth Office, No, 45, 11 February 1970, TNA, FCO 9/1252.
229. 'Malta: Agreement on Financial Assistance', Cabinet conclusions, 12 March 1970, TNA, CAB 128/45, CC 12 (70)5.
230. *Ibid.*
231. *Ibid.*
232. *Ibid.*
233. 'Malta dispute on financial aid', Letter from Watson to Stewart, 18 April 1970, TNA, T 317/8818.
234. 'Malta', Cabinet conclusions, 30 April 1970, TNA, CAB 128/45, CC 19(70)2.
235. 'Malta: Agreement on Financial Assistance', Memorandum by Douglas-Home and Carrington, 29 June 1970, TNA, CAB 148/101, DOP(70)2.
236. *Ibid.*
237. 'Malta: Financial Agreement', Paper by the FCO and MoD, attached to 'Malta: Agreement on Financial Assistance', Memorandum by Douglas-Home and Carrington, 29 June 1970, TNA, CAB 148/101, DOP(70)2.
238. 'Malta: Agreement on financial assistance', Minute by Trend to Edward Heath, 30 June 1970, TNA, PREM 15/525.
239. 'Malta: Agreement on financial assistance', Cabinet Defence and Oversea Policy minutes, 1 July 1970, TNA, CAB 148/101, DOP 1(70)2. In its brief for this meeting, the Ministry of Defence had pointed out that while Britain's 'purely national defence interests' in Malta had declined, NATO's interest in Malta had increased due to the 'increasing growth of the Russian military presence and influence in the Mediterranean' (Brief for the Secretary of State, Defence and Oversea Policy Committee, DOP(70)1st meeting, item 1, 30 June 1970, TNA, DEFE 13/1190).
240. 'Malta: Agreement on financial assistance', Cabinet Defence and Oversea Policy minutes, 1 July 1970, TNA, CAB 148/101, DOP 1(70)2.
241. *Ibid.*
242. 'Malta: Agreement on financial assistance', Minute by Trend to Edward Heath, 30 June 1970, TNA, PREM 15/525.
243. 'Malta: Financial Agreement negotiations', Minute by Douglas-Home to Heath, 3 September 1970, TNA, PREM 15/525, PM/70/94.
244. *Ibid.*
245. 'Malta: Financial assistance agreement negotiations', Minute by Barber to Heath 9 September 1970, TNA, PREM 15/525.

246. 'Malta: Financial assistance agreement negotiations', Minute by Douglas-Home to Heath, 21 September 1970, TNA, PREM 15/525, PM/70/107.
247. *Ibid.*
248. 'Malta: Financial aid arrangements', Cabinet conclusions, 1 October 1970, TNA, CAB 128/47, CM 25(70)2.
249. As early as 1958, a Colonial Office official had remarked that Mintoff was striving for complete independence, after which he would seek to 'squeeze the UK lemon until the pips squeak' (Minute by N. B. J. Huisjman, 22 November 1958, TNA, CO 926/773).
250. 'Malta', Memorandum by Douglas-Home and Lord Carrington, 5 July 1971, TNA, CAB 148/116, DOP(71)39.
251. Carrington, *Reflect on Things Past*, 243.
252. 'Malta': Cabinet conclusions, 15 July 1971, TNA, CAB 128/49, CM 38(71)4.
253. For accounts of the negotiations, see Wriggins, 'To the Highest Bidder: Malta, Britain and NATO,' 167–85; Robert Holland, *Blue-Water Empire*, 335–6. In his memoirs, Lord Carrington recollected that 'Mintoff's technique—his negotiating as opposed to his personal technique—was based on the military principles of shock and surprise. He liked to produce some sudden *démarche*, to throw everyone off balance and start again on his own terms' (Carrington, *Reflect on Things Past*, 243).
254. 'Malta', Note by Robert Armstrong (Private Secretary to Edward Heath) of a discussion at Chequers on 9 January 2011 January 1972, TNA, PREM 15/1071.
255. 'Malta', Cabinet Defence and Oversea Policy Committee minutes, 25 January 1972, TNA, CAB 148/121, DOP 3(72)3.
256. 'Malta', Note of a Meeting between Heath and Archbishop Gonzi by Robert Armstrong, 11 January 1972, TNA, PREM 15/1071.

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