Realising a new approach to Beijing following the Integrated Review will require policymakers to acknowledge the significant historical baggage that comes with policy design in this area. Avoiding these pitfalls will be integral to ensuring a clear-eyed strategy for China.

As the Integrated Review provides policymakers with an opportunity to outline a new approach to China, it is worth considering some of the factors that have shaped British China policy in the 20th and early 21st century.

'The interaction between East and West must be accepted for better or worse...If they [China] fail to meet their obligations the world's history will take an irrevocable turn in the wrong direction. It is not merely that the chances of war in the Pacific will be increased, but all hope of fruitful co-operation between East and West will be at an end'. No, these were not the words of frenzied Whitehall minds constructing British China policy in 2020 but the work of frenzied Whitehall minds constructing British China policy in 1925.

Sydney Waterlow, the author of that ambitious paper, entitled the 'Problem of China', and head of the Far Eastern Department, believed, along with others in the department, that though China was in the midst of a brutal civil war, that it would be, for better or worse, an anchor of world order and that though the 'problem of China' was complex it needed to be fully understood.

A Civilisational View of China

Waterlow's words are just one example of a broader tendency within Whitehall to look at China through a civilisational lens. This was not limited to the 1920s. In the 1930s, Neville Chamberlain and his right-hand man on Far Eastern policy, Permanent Undersecretary of the Treasury Sir Warren Fisher, were fond of remarking on China's civilisational resolve which would allow it to weather the storm of conflict with Japan. The ramification of this view was to convince Chamberlain and Fisher that it would be difficult to write off China completely, despite Japan's strength, causing the pair to push for an uncomfortable middle way between the two powers in the 1930s.

Clement Attlee stated in a speech in 1944 that he looked forward to 'years of joint endeavour with them [China] in building up the fabric of civilisation and in raising the standard of life of the common people throughout the whole world', a view given more substance upon assuming office the following year. The Gibbon-reading Labour leader no doubt drew parallels between Roman-Western civilisation and China's own. As Mao Zedong's victory in the long Chinese civil war drew ever-closer in the late 1940s, Britain's willingness to confer recognition of the Chinese Communists as early as it did, compared to other Western states, stemmed from this same view. The Foreign Office view that the Chinese Communists were more 'Chinese' than they were 'Communists' flowed from the apparent immutability of this 'Ancient Civilisation'.

From the late 1940s until Britain wound down its commitments in South East Asia with the End of East of Suez in the late 1960s, paranoia at the presence of ethnic Chinese (an apparent remnant of the Mandate under Heaven) in Burma, Malaya and Singapore proliferated. The idea that the Chinese Communist Party had significant sway with 'overseas Chinese' prompted significant attention by Whitehall, and particularly the intelligence agencies, on these groups. The clearest manifestation of this fear was during the Malayan Emergency, where fears of the potential association between the Malayan Communist Party and the Chinese Communist Party heralded a British diplomatic charm offensive in Peking.

Contemporary China policy does not travel lightly – it comes encumbered with significant and complex historical baggage

Margaret Thatcher, prime minister for some of the most significant Anglo-Chinese negotiations in recent history, spoke with particular eloquence on this abiding civilisation. In a speech at the Royal Society in 1982 in honour of Premier Zhao, Thatcher drew on a comment by Robert Hooke in 1686 who remarked that 'a better knowledge of China's civilisation would lay open to us an empire of learning, hitherto fabulously described'. This comment was itself backdropped by a string of cultural, scientific and educational programmes within Whitehall at the time. The idea has held sway for much of the 21st century too. More recently, it has been suggested that Boris Johnson has always been fascinated by civilisations and as such it was only logical that the scale of Chinese civilisation would leave an indelible impression on his approach to China. That there is much to be learned from this mighty civilisation has been a powerful stimulant.

This deep awareness of the country's history is not entirely problematic. The Chinese Communist
Party (CCP) regularly draws on its own civilisational history to justify its actions so an understanding of this history is no bad thing. But this civilisational lens has so often served to deify (or reify) China at the expense of a rational assessment of the strategic, diplomatic or moral background. Moreover, the implication of this view is to perpetuate a seemingly teleological framing of China’s long rise back to global hegemony. By invoking the historical dominance of Chinese civilisation, policymakers have tended to justify extraordinary policies on the basis of an inevitable return to global prominence of Chinese civilisation.

The Draw of the China Market

British policymakers have frequently reached for the ‘China market’ in times of economic and financial distress. The idea of this exotic Chinese market goes back to the origins of Britain’s relations with China. In the 19th century adventurer-traders, budding financiers and soldiers of fortune all sought out riches in the East. Their intrepid stories became firmly lodged in the British metropolitan psyche. That any person, regardless of social position, could claim a fortune in this harsh but beautiful land had significant traction. The physical manifestation of this notion, in the minds of the British community in China as well as policymakers in Whitehall, was Shanghai. Many in the early part of the 20th century would ostentatiously maintain that only British ingenuity and grit could carve a shining and affluent city out of the banks of the Huangpu River (itself ironically a manmade river built in the Warring States period). This city was crucial to the position of Britain in the region. In 1927, Britain despatched a 20,000 strong Shanghai Defence Force to the region, one of the largest forces ever deployed to China, when the city was threatened by the KMT and the retreating armies of various regional warlords, demonstrating the importance of the city to British interests. As British influence in Shanghai receded, Hong Kong filled the vacuum. The decision to commit to Hong Kong is still having effects to this day.

These entrepôts served as ‘gateways’ for service sector firms like Jardines & Matheson Co, Butterfield and Swire, the Hong Kong and Shanghai Bank and large, ostensibly British, multinationals like Imperial Chemical Industries and British-American Tobacco. These ‘British’ interests were the subject of lengthy memoranda by Whitehall officials who argued that these firms were cornerstones of British influence in China and the region more broadly. These were bold claims. The true financial picture is less rosy. Not only was it difficult to define these firms as ‘British’, given the large number of Chinese who worked for them, it was clear that these companies kept much of the profits in China (or Hong Kong), rather than remitting them to Britain. Moreover, following the ascension of the Chinese Communist Party in 1949 many smaller firms unable to relocate to Hong Kong were essentially absorbed by the CCP in a process of ‘hostage capitalism’. The Darwinian struggle of British capital in China only benefited a handful of large firms – many of which still dominate British activity in China. Yet policymakers continued to seize on the apparent opportunities for British firms.

Even the increase of Chinese foreign direct investment into the UK in the 21st century – $8.3 billion between January and August 2019 alone – has not been without problems. It has been suggested that given that British businesses are not capital constrained per se, and that Chinese businesses rarely bring technological or managerial advances or rarely identify ‘new’ areas of investment in the UK it is difficult to say that the UK benefits specifically...
from Chinese investment. This is even leaving aside increasing national security concerns presented by Sino-British research and development partnerships.

Frankly put, it was China’s potential in the 20th century rather than the reality that most enamoured policymakers

Similarly the trade picture leaves much to be desired from the image of a bottomless, dynamic China market. In the 20th century, China’s share of UK imports and exports rarely went above 1%. Successive British governments in the 20th century tried and failed to cultivate UK–China trade. Yet policymakers continued to cling to the hope that this trade would improve.

When trade did pick up at the dawn of the 21st century, policymakers believed that was proof of concept – that it was initiatives concocted in London that increased trade, rather than the other way around. In 2019, China was the UK’s sixth-largest export market and fourth-largest source of imports. Successive prime ministers pushed for a deepening of trade no matter the cost. Even today, as talk of shortening supply chains and an end of dependence on China proliferate, there are still those in public life, and crucially in Parliament, who believe that trade and finance can be divorced from a wider geopolitical fissure.

Frankly put, it was China’s potential in the 20th century rather than the reality that most enamoured policymakers. However, as discussion of contemporary British economic policy revolves around supply chain diversification and Chinese dominance of certain key raw materials, it seems that the reality of the China market is also starting to chafe.

The Cradock–Patten Debate

The final point to bear in mind in the formulation of British China policy is the dangers of overanalysing the Percy Cradock–Chris Patten debate. Cradock was Thatcher’s foreign policy adviser in the 1980s and early 1990s and a China hand par excellence. He would play an important role in the negotiation of the Sino-British Joint Pact and help to soothe tensions with Beijing in the wake of the Tiananmen Square Massacre. A self-proclaimed practitioner of realpolitik, Cradock always maintained that Britain had to be alive to realities of China’s rise. Chris Patten led a similarly illustrious career prior to taking up the mantle as the last governor of Hong Kong. He was convinced of the ‘centrality of ideas to politics’ and the relationship of that form of politics to economic growth. In Patten’s mind these were inseparable parts of a story that was Hong Kong.

It is not difficult to see from where the famous disagreements between these two figures and their camps stemmed. For Cradock, gesture and symbolism were important – you could not mollify Beijing’s worst impulses if you antagonised them around the handover. Patten played within the limits of what was set out in the Chinese Basic Law for Hong Kong by increasing the number of Hong Kongers who could vote in functional constituencies and making the District Boards fully democratic. Patten always wanted to maintain the essence of what he thought made Hong Kong successful.

However, contemporary debates around Cradock versus Patten are problematic. More often than not where one stands on Cradock or Patten has served as a test for how one believes the UK should approach China. This is often an accurate heuristic but it masks some of the complexity of the contemporary debate. This is no longer a specific debate on the future of UK–China relations.

How does the Foreign, Commonwealth and Development Office make its overseas posts aware of Chinese influence operations? How does the Department for Business, Energy and Industrial Strategy react to Chinese strategic technology acquisitions? How does the Department for Education maintain an edge on university research? How does the Department for Environment, Food and Rural Affairs work with China on climate issues while other departments are making firm stands. These are difficult questions, so it is understandable why the Craddock–Patten analogy is used, but policy formulation is not helped by an analysis of this very technical disagreement in the 1990s.

Contemporary China policy does not travel lightly – it comes encumbered with significant and complex historical baggage. But as Sydney Waterlow so firmly grasped in 1924 in attempting to parse the Problem of China, it is a relentless but necessary task. Time to embrace it.

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