



Observing China: Three principles for the next British government

By *Elizabeth (Liddy) Lindley*

The rise of the People's Republic of China (PRC) as the world's second largest economy poses to the open international order challenges last seen during the height of German or Soviet power. The PRC is a large and technologically potent authoritarian superstate with a culture and values vastly different from Britain's own, and it is deeply embedded within the global health, security and economic architecture. Ruling over the PRC is the Chinese Communist Party (CCP), which harnesses advanced digital technologies to exercise invasive control over one sixth of the world's population. The CCP's ambitions are global in scope, and informed by deep grievances against the Euro-Atlantic powers and Japan which exploited China from the mid-19th to the mid-20th century.

The 'China Dream' of Xi Jinping, General Secretary of the CCP, sees the PRC superseding the United States (US) as the world's dominant power by 2049 – the centenary of the founding of the PRC – and restructuring the global systems, practices and the values which underpin them. Under Xi's watch, the systematic expansion and modernisation of the People's Liberation Army (PLA) has accelerated to breakneck speed, signalling aspirations to establish Chinese domination over artificial intelligence (AI) and frontier warfare technologies, and to project Chinese influence over the deep seas and into space. The manner in



which free and open nations – including the United Kingdom (UK) – confront and engage with Xi’s vision will have profound implications for the trajectory of the 21st century.

Given the PRC’s scale and ambition, His Majesty’s (HM) Government should significantly enhance its knowledge of the country and its political system, which has not kept up with the pace of the PRC’s domestic and international transformation.

A new China?

The China of today and its profound global significance would have been inconceivable to the British leaders who forged diplomatic relations with Beijing 50 years ago. Then, the PRC had not yet emerged from Mao Zedong’s catastrophic experiments in socialist reform – the collectivisation of agriculture (1950–1953), the Great Leap Forward (1958–1961) and the Cultural Revolution (1966–1976) – which plunged the country into poverty and starvation. Although 5 British governments from the 1970s to the 2010s understood the autocratic nature of the CCP – note the British Ambassador’s telegram to London about the Tiananmen Square massacre in 1989¹ – a discourse took hold that a largely isolated PRC would be reformed upon integration into the international order. In the words of a Foreign Office briefing from 1972:

The more we can temper the sharp edge of China’s revolutionary zeal by involving her in the complexities of international life the less likely she will be to upset the established world order.²

This discourse was reinforced by apparent developments in the PRC. The approach of Mao’s successor, Deng Xiaoping, prioritised pragmatism over rigid adherence to orthodox Communist principles and introduced elements of a market economy to the PRC. A strategic dictum of ‘concealing strength and biding time’ [韬光养晦] was adopted to foster external support of the PRC’s economic advancement while maintaining a low profile to avoid international

¹ ‘Sir Alan Donald, ambassador to Beijing during Tiananmen Square massacre – obituary’, *The Telegraph*, 17/07/2018, <https://www.telegraph.co.uk/> (checked: 11/06/2024).

² Priscilla Roberts, ‘Rebuilding a Relationship: British Propaganda Towards China, 1967–1984’, Greg Kennedy and Christopher Tuck (eds.), *British Propaganda and Wars of Empire: Influencing Friend and Foe 1900–2010* (London: Routledge, 2014).



scrutiny.³ Following Deng's 'reform and opening up' policies in 1978, Special Economic Zones (SEZs) were established in Shenzhen, Zhuhai, Shantou, and Xiamen, attracting substantial foreign investment and kick-starting the country's transformation into a global manufacturing hub. Several British companies were quick to capitalise on the promises of cheap labour, soaring stock prices, and a potentially vast consumer market.

Free and open countries, such as the UK, also deceived themselves. Neoliberals interpreted the Soviet Union's collapse in 1991 as an indicator of the inevitability of the global triumph of democratic capitalism. The CCP, by contrast, portrayed Mikhail Gorbachev, the final leader of the Soviet Union, as a 'traitor' and 'gravedigger',⁴ whose policies of *glasnost* (openness) and *perestroika* (restructuring) betrayed the principles of communism and led to the downfall of the worker's state. Despite its moves towards economic liberalisation, the PRC has never fully embraced a free market economy. Following Leninist principles, the CCP maintained a degree of economic control through the management of state-owned enterprises, financial institutions, and a centralised economic planning commission, ensuring that the state's interests remained paramount.

As British and other free and open countries sought to deepen the PRC's integration into the international order with the country's admission to the World Trade Organisation (WTO) in 2001, the CCP's intelligence services spun soothing narratives of 'China's peaceful rise'.⁵ The perception of Hu Jintao's PRC as a force for global stability, mutual prosperity and economic opportunity overrode nascent concerns about the CCP's state intervention in the economy and troubling human rights record. In the aftermath of the 2007–2008 global financial crisis, many Euro-Atlantic powers were economically destabilised. Closer economic connectivity with the PRC, which by 2010 had become the world's second largest economy, was viewed as a necessary guarantor of economic recovery and stability.⁶

³ 李恒杰 [Li Hengjie], '论邓小平“韬光养晦”的外交战略思想' ['On Deng Xiaoping's diplomatic strategic thought of "hiding one's capabilities and biding one's time"]], *国际安全研究* [International Security Studies], 2008, <http://gjaqyj.cnjournals.com/> (checked: 11/06/2024).

⁴ Hemant Adlakha, 'Why China Is Not Mourning Mikhail Gorbachev', *The Diplomat*, 08/09/2022, <https://thediplomat.com/> (checked: 11/06/2024).

⁵ In 2002, for example, Tony Blair, then Prime Minister, declared that 'the great ideological struggle between Communism and Western liberal democracy is over...The struggle for world hegemony by political ideology is gone.' See: Tony Blair, Speech: 'Prime Minister's address to the Lord Mayor's Banquet', *The Guardian*, 11/11/2002, <https://www.theguardian.com/> (checked: 11/06/2024). For more on the PRC's information operations, see: Mercy A. Kuo, 'China's State Security Departments and Nationwide System', *The Diplomat*, 09/11/2023, <https://thediplomat.com/> (checked: 11/06/2024).

⁶ See: 'Download World Economic Outlook database: April 2024 (Japan, People's Republic of China, United States)', International Monetary Fund, 04/2024, <https://www.imf.org/> (checked: 11/06/2024).



Greater assertiveness under Xi

Britain continued to deepen interdependencies with the PRC even as Xi Jinping, General Secretary of the CCP (2013–), cast Deng’s ‘bide and hide’ strategy into the dustbin of history. ‘Xi Thought’, which merges Marxist–Leninist principles with Chinese characteristics and emphasises strong, centralised Leninist governance, is promoted as the most advanced form of socialism for today’s PRC.⁷ Through the promotion of ideological uniformity in the form of party-centric nationalism, Xi aims to forge a singular unified people from China’s ethnically diverse population of 1.4 billion.⁸ To insulate against ideological pollutants from the outside world, the Chinese internet is tightly controlled through a sophisticated and expansive system of censorship and surveillance – the Great Firewall. Xi has also sought to reinforce his personal power, quickly moving to dismantle the norms of leadership succession; de-institutionalising the collective leadership model of the post-Mao era and targeting his rivals through a relentless anti-corruption drive.

Reflecting his authoritarian turn at home, Xi’s foreign policy projects the PRC’s strength under the party’s leadership and pursues an assertive role in global governance. The ‘powerful backdrop’ of the PRC’s diplomacy, the PLA, has been deployed to: isolate and intimidate Taiwan (which the CCP fallaciously claims as its historical territory); threaten its neighbours in the South China Sea; and escalate border tensions with India to the point of bloody confrontations.⁹ Hong Kong’s civil liberties and judicial independence have been dismantled in open contravention of the 1984 Sino-British declaration, and the Uyghur population in Xinjiang has been systematically suppressed. During Covid-19, the CCP’s diplomats and propaganda machinery ruthlessly promoted the PRC’s global leadership and moral superiority in their pandemic response, while excoriating the supposed failures of liberal democracies.¹⁰ The PRC’s supply of dual-use items to Russia has fuelled the Kremlin’s defence industry, to the detriment of Ukraine.

Xi’s PRC is outward looking and aggressive in the pursuit of the CCP’s strategic aims. Interdependence has been transformed into a currency of power,

⁷ Steve Tsang and Olivia Cheung, *The Political Thought of Xi Jinping* (Oxford: Oxford University Press, 2024), pp. 146–147.

⁸ Indoctrination includes measures such as mandatory daily use of an educational app – *Xuexi Qiangguo* [学习强国] – in Xi Jinping Thought, for all of the CCP’s 98 million members; along with civil servants, and state-owned enterprise employees. See: Steve Tsang and Olivia Cheung, *The Political Thought of Xi Jinping* (Oxford: Oxford University Press, 2024), p. 163.

⁹ Steve Tsang and Olivia Cheung, *The Political Thought of Xi Jinping* (Oxford: Oxford University Press, 2024), p. 177.

¹⁰ Charles Parton, ‘Towards a UK strategy and policies for relations with China’, Policy Institute, King’s College London, 06/2020, <https://www.kcl.ac.uk/> (checked: 11/06/2024).



allowing the CCP to leverage its economic and strategic relationships to reshape the global order in line with its interests. Not only does the CCP see free and open countries as in decay, but it also believes its own political system is in the ascendancy. The CCP sees the world through the lens of hostile struggle between competing ideological systems, to the extent that it is ‘laying the foundation for a future where we will win the initiative and have the dominant position.’¹¹ The party is conceived as the vanguard of a socialist revolution which is being enacted in slow motion – that of the PRC’s global primacy by the midpoint of the century.¹²

Towards a more informed British approach

In the Integrated Review of March 2021 and its refresh in March 2023, HM Government acknowledged that British policy towards the PRC had gone awry. The PRC was first identified as a ‘systemic competitor’ and then an ‘epoch-defining systemic challenge’.¹³ The Labour Party, which is expected to win the General Election in July 2024, has pledged to undertake a ‘China audit’ in the first 100 days of taking office.¹⁴ Slowly, the UK has started to understand the extent to which Xi’s PRC threatens British interests. But what should guide HM Government as it takes shape after 4th July 2024?

First and foremost, Britain should be clear about the CCP’s intent, and the need to protect itself.

Many of Britain’s vulnerabilities to the PRC’s interference have been self-imposed, as HM Government has belly-flopped into the pitfalls of short-termism and economic expediency. For example, the UK has welcomed Chinese state-backed investment in its nuclear grid, and many of its universities have equivocated in defending students and academics from undue influence and

¹¹ Tanner Greer, ‘Xi Jinping in Translation: China’s Guiding Ideology’, *Palladium*, 31/05/2019, <https://www.palladiummag.com/> (checked: 11/06/2024).

¹² Steve Tsang and Olivia Cheung, *The Political Thought of Xi Jinping* (Oxford: Oxford University Press, 2024), p. 53.

¹³ See: ‘Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy’, Cabinet Office, 16/03/2021, <https://www.gov.uk/> (checked: 11/06/2024) and ‘Integrated Review Refresh 2023: Responding to a more contested and volatile world’, Cabinet Office, 13/03/2023, <https://www.gov.uk/> (checked: 11/06/2024).

¹⁴ Eleni Courea, ‘Labour tells China it will act on interference in UK democracy’, *The Guardian*, 25/03/2024, <https://www.theguardian.com/> (checked: 11/06/2024).



censorship pressures exerted by Beijing.¹⁵ Boris Johnson, the former Prime Minister, granted Huawei permission to build part of Britain's 5G network, despite concerns about intelligence risks and the creation of potential technological dependency (though later legislation was enacted to remove the supplier by 2027). The PRC's widespread infiltration into the British economy, media, industry and academia has been facilitated by complacency, the prioritisation of economic interests, and a fundamental naivete about the CCP's strategic intentions.¹⁶

This is problematic because the CCP is deeply hostile to Britain's fundamental beliefs and ideals – those of electoral democracy, civil society, rule of law, and freedom of the press.¹⁷ The UK is just one of the democracies worldwide which the CCP has systematically targeted, infiltrated, and attempted to undermine from within. Britain's response, however, should not focus merely on the magnitude of the challenge but also draw upon the country's inherent strengths. The UK's robust legal framework, prestigious academic and research institutions, historical resilience in upholding democratic values, military strength, diplomatic influence, and technologically-innovative economy¹⁸ (the sixth largest in the world by GDP¹⁹), afford it a solid foundation from which to address these threats.

As per the Integrated Review Refresh of March 2023, HM Government is already aware that the PRC poses a 'systemic challenge' to the UK.²⁰ But British parliamentarians and officials would do well to know very much more about the nature and scale of the threat in order to counter it efficiently and effectively. And they should nurture the UK's capacity to inspire, innovate, and lead on the global stage in the face of the PRC's systemic challenge.

Second, Britain ought to be aware of how decision makers in the CCP think, and how they weaponise history.

Many Chinese see the UK as central to China's so-called 'Century of Humiliation', a period of national trauma, beginning with the first Opium War

¹⁵ 'Dispatches: Secrets and power: China in the UK', Broadcast on: Channel 4, 29/11/2023.

¹⁶ 'China', Intelligence and Security Committee of Parliament, 13/07/2023, <https://isc.independent.gov.uk/> (checked: 11/06/2024).

¹⁷ 'Document 9: A ChinaFile Translation', *ChinaFile*, 08/11/2013, <https://www.chinafile.com/> (checked: 11/06/2024).

¹⁸ 'Most Technologically Advanced Countries In The World 2023', Global Finance, 01/12/2023, <https://gfmag.com/> (checked: 11/06/2024).

¹⁹ 'Global trade outlook – February 2023', Department for Business and Trade, 28/02/2023, <https://www.gov.uk/> (checked: 11/06/2024).

²⁰ 'Integrated Review Refresh 2023: Responding to a more contested and volatile world', Cabinet Office, 13/03/2023, <https://www.gov.uk/> (checked: 11/06/2024).



(1839–1842) and persisting until the founding of the PRC in 1949. The CCP frequently invokes this history to stoke nationalism and rally the Chinese populace under party rule. Its portrayal of British, European and Japanese imperialism serves as a potent weapon of chauvinism, fostering a narrative of China's victimhood and resurgence under CCP leadership. While central to the party's legitimacy, this perspective is often overlooked in British discourse.

The PRC's modernisation since the 1980s – which in one generation catapulted China from a bitterly impoverished agrarian society to global manufacturing powerhouse with the world's biggest middle class – veils deep structural vulnerabilities which continue to shape the CCP's domestic and international behaviour. For the Chinese leadership, the rapidity of PRC's economic transformation has led to an overconfidence bordering on hubris, intertwined with a deep-seated obsession with the maintenance of regime stability. This paranoia has resulted in a skewed state discourse which surgically omits the CCP's historical atrocities – such as the brutal suppression of the Tiananmen Square democracy protests in 1989 – while amplifying criticisms of democratic nations. Rather than signifying its strength, the CCP's grip on discursive control reveals its defensiveness and acute sensitivity to external critique, signalling a leadership still grappling with its country's newfound power and stature amidst underlying fragilities.

British policymakers should be aware of the CCP's weaponisation of historical grievances and its dualistic approach of projecting strength while concealing vulnerability. HM Government would do well to acknowledge the complex reality behind the PRC's transformation if it is to foster an informed and equitable relationship with the PRC. This will require countering distorted narratives promoted by the CCP's extensive propaganda machinery and its party-driven influence network, the United Front.

Third, the UK should be aware of its own strengths, as well as the need for a strategic approach towards the PRC.

This will require recognising and constraining economic interdependencies without compromising on British interests. Previously lax regulation of supply chains has led to the outsourcing of crucial manufacturing sectors such as advanced electronics, renewable energy technologies, and transport equipment to the PRC. Such areas, alongside exports, investments, financial services, tourism, and the education sector, are often seen as vulnerable to coercive economic pressure from the CCP.

Vulnerabilities need to be carefully assessed, supply chains examined, and Chinese investments scrutinised with an eye on extricating Britain from risk.



However, interdependencies should not be viewed as immutable, and the UK should not overestimate Beijing's ability to penalise it economically for political decisions which displease the CCP.²¹ While the PRC is the UK's fourth largest market for imports and sixth largest for exports,²² it only accounts for just over 8% of British imports and less than 5% of British exports²³ (comparable to the Netherlands and Belgium, respectively²⁴). The CCP's bark is often worse than its bite. Consequently, British policymakers should focus on securing the UK's own interests, without fear of Chinese retaliation.

It is crucial that HM Government views interdependencies holistically, both as areas of mutual benefit and potential leverage. The CCP's portrayal of Britain as a declining 'middle power' reliant on the PRC's economic munificence should be challenged openly and ultimately rejected. It is a view which not only serves to undermine national self confidence in a way which is ultimately unhelpful, but one which forgets the UK's substantial economic, cultural, and educational appeal to the Chinese elite, and the leverage which HM Government and other free and open nations retain over the PRC due to its dependencies on foreign knowledge, trade, energy and investment. For example, 150,000 Chinese students are enrolled in higher education in the UK.²⁵ The CCP is unlikely to curtail significantly the number of these students due to continued domestic demand and the repercussions of such a move on its own middle class.

Lastly, cooperation with the PRC on issues with global implications should proceed from a position of strength and mutual interest rather than through concessionary diplomacy. Cooperation with the PRC on climate change, for example, is not contingent upon the UK softening its stance on issues the CCP finds contentious. 'Net Zero' holds significant weight for the CCP, potentially more so than for the UK given the PRC's status as the world's largest annual emitter of greenhouse gases, the calamitous potential impacts of climate change on China, and the Chinese 2060 carbon neutrality targets. After all, while climate

²¹ Charles Parton, 'Empty threats? Policymaking amidst Chinese pressure', Council on Geostrategy, 06/07/2021, <https://www.geostrategy.org.uk/> (checked: 11/06/2024).

²² 'China: Trade and Investment Factsheet', Department for Business and Trade, 17/05/2024, <https://assets.publishing.service.gov.uk/> (checked: 11/06/2024).

²³ 'UK overseas trade in goods statistics January 2023: commentary', HM Revenue and Customs, 10/03/2023, <https://www.gov.uk/> (checked: 11/06/2024).

²⁴ See: 'Netherlands: Trade and Investment Factsheet', Department for Business and Trade, 17/05/2024, <https://assets.publishing.service.gov.uk/> (checked: 11/06/2024) and 'Belgium: Trade and Investment Factsheet', Department for Business and Trade, 17/05/2024, <https://assets.publishing.service.gov.uk/> (checked: 11/06/2024).

²⁵ 'Where do HE students come from?', Higher Education Statistics Agency, 11/01/2023, <https://www.hesa.ac.uk/> (checked: 11/06/2024).



change will have detrimental consequences for all countries, the PRC is projected to suffer far greater impacts than the UK.²⁶

The CCP is unlikely to withhold permanent cooperation on climate change as a form of economic or political retaliation – doing so would undermine its own domestic and international objectives. British policymakers should maintain a principled stance on issues of divergence with the CCP, while engaging cautiously and constructively on shared existential challenges. Strategic assertiveness and collaborative engagement can and should coexist in HM Government's dealings with the PRC.

The China Observatory

Facing an unprecedented generational challenge in its engagement with the CCP, the UK's path forward necessitates a thorough and comprehensive knowledge of the PRC's strengths and weaknesses, as well as the CCP's mindset, ambitions, strategies and current and future difficulties. Additionally, it is vital to identify where the UK has strategic advantage over the PRC and how any Chinese strategic advantage over British interests can be reduced or constrained.

Therefore, the Council on Geostrategy has established a China Observatory to watch, monitor and evaluate the CCP's evolution, behaviour and actions. In addition, the Observatory seeks to guide HM Government in the formulation of a coherent 'China policy' which recognises the need for clear thinking, shrewd pragmatism, and an intelligent sense of direction rooted in consistent ethical principles.

Positioned at the intersection of politics, policy and academia, our Observatory will shine light on the CCP and its manoeuvres, particularly when it attempts to obstruct or realign British and global interests to serve its ambitions. The China Observatory will be a potent source for British legislators and officials in securing the national interest in relation to the CCP. Through research-led, non-partisan analysis from a British vantage point, our Observatory is committed to protecting British sovereignty and enhancing HM Government's leverage in relation to the PRC, as well as constraining CCP designs when they seek to undermine British interests and the open international order.

²⁶ Rob Binns, 'Countries that will survive climate change: Is your country on the list?', *The Independent*, 25/08/2023, <https://www.independent.co.uk/> (checked: 11/06/2024).



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