

UK's courting of China sours relations with Washington

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The British government's deepening ties with China, evidenced by last week's state visit by Chinese President Xi Jinping, puts the UK on a collision course with its main imperialist ally, the United States.

During the visit, trade and investment worth around £40 billion was agreed between the two countries. The key announcement was the choice of London as the location of the first overseas sovereign debt market in Chinese renminbi.

The possibility of a weakening of US-UK ties resulting from a turn to China was dismissed by Conservative Prime Minister David Cameron, who said, "We see no conflict with having that very special relationship [with the US], with wanting to be a strong partner for China as the Chinese economy continues to grow and China emerges as an enormous world power."

This is not the picture that emerges from the US. Short of an official statement from the White House, the condemnation of the Cameron government from leading figures representing the US financial elite could not have been more forceful.

The *Financial Times* cited a "highly influential retired US official" who warned, "It's not just [UK Chancellor George] Osborne... it's the whole Cameron government that is bending over incredibly backwards and this will definitely create problems for Great Britain in the future."

Heather Conley, a former US state department official, now with the Centre for Strategic and International Studies in Washington, said, "I think there is obviously going to be concern from the [Obama] administration that there is too much of a gap between the US approach to China on a whole basket of issues, of which cybersecurity is the most pressing, and the messaging from the UK government during the visit."

Evan Medeiros, head of the Asia practice at Eurasia Group and a former top adviser to President Obama said, "London is playing a dangerous game of tactical accommodation in the hopes of economic benefits, which could lead to more problems down the line."

In March, the Obama administration accused the UK of a "constant accommodation" following its decision to become a founding member of the \$50 billion China-backed Asian Infrastructure Investment Bank (AIIB). The US has refused to support the AIIB. Speaking to the *Financial Times*, a former US administration official, said, "The thing that upset us was that it was done in almost zero consultation with the US. Britain didn't just undermine the US. It undermined the entire G7 [Group of 7 major advanced economies]."

Following the UK's lead, G7 powers Germany, France and Italy all announced they too would be founding AIIB members. Australia also signed up.

Tom Wright, a foreign policy expert at the US's influential Brookings Institution, stated, "What is concerning is the message that has been sent that commerce and economic co-operation is the only metric that will guide the UK's policy towards China."

Among the British financial elite, the orientation to China is widely supported. The *Financial Times* wrote in an editorial, "[T]he size of the potential commercial opportunity is such that the UK is justified in rolling out the reddest of red carpets for the Chinese Communist leader this week."

Standard Chartered's European chief executive, Richard Holmes, said of Xi's visit, "[The US] decided not to participate in the Asian Infrastructure Investment Bank which I think was a bit churlish of them." He continued, "I think the US is struggling with the notion that China is going to overtake them in many ways, so they have got a bit of an identity crisis."

One of Standard Chartered's senior economists, Jinny Yan, pointed out that Chinese investment flows into Britain from China were actually higher than the estimated official figure of \$8 billion. Her study of mergers, acquisitions and joint ventures indicate that the total is closer to \$50 billion.

Among the most enthusiastic voices welcoming the turn to China was Martin Jacques, the former British Stalinist who was central to the development of Tony Blair's New Labour project. Writing in the *Guardian*, he praised Cameron as "the author of the boldest change in British foreign policy since the second world war."

He continued, "Of course, there will be those who object on the grounds that the UK, in its embrace of China, is moving away from the US. However, the situation is rather more complex. China is rising; the US is declining. By 2030 it is projected that the Chinese economy will be twice the size of the US's. Can Britain, or any country, ignore this... This is about the force of gravity, not the ivory tower."

In reality it is the threat posed by China's growing economic influence that is driving Washington into ever more open conflict with Beijing—and which is now leading to a potential rupture with the UK.

Since 2011 and the announcement by Obama of a "Pivot to Asia", the US has pursued continuous diplomatic, economic and above all military efforts to reassert American dominance over the region.

The FT noted the comments of a US congressional staffer who warned, "The US is concerned that the UK is not acting as a strong ally in terms of sticking up for international norms, something that is particularly pertinent as the US prepares to challenge Chinese claims to sovereignty in disputed waters in the South China Sea."

Hans Kundnani, a fellow of the German Marshall Fund of the United States, based in Berlin, told the *Guardian*, "The biggest threat to international security is in Asia, the rise of China and the possibility of a great power confrontation. That's what Britain should be thinking about."

Shashank Joshi, a Senior Research Fellow of the Royal United Services Institute and a Kennedy scholar who studies at Harvard, posed the question "Is World War Three between China and the West inevitable?"

Urging British participation in the creation of a

"broad, robust security architecture in Asia," Joshi wrote in the *Daily Telegraph*, "Pessimists argue that China's trajectory leaves us with no option but to appease its sweeping claims in the Pacific... This would be unwise. China may be eclipsing every one of its rivals individually, but its adversaries are building new and stronger ties with one another, despite disagreements of their own."

As examples, Joshi cited India practicing submarine hunting with the US and Japan. Tokyo passed a law allowing its military to fight overseas, the US transferring technology such as aircraft carrier design to India and the Royal Marines training "their Japanese counterparts to fend off assaults on disputed islands: "...it should be a strategic priority to nurture and strengthen this group of regional powers concerned and directly affected by Chinese behaviour."

The *Economist* tried to bridge the gap between the UK's commercial interests and its geo-strategic alliance with Washington with flowery references to "the dilemma" over "how to deal cordially and profitably with China, as they must, while encouraging it to develop in a way that neither oppresses its own people nor destabilises the world."

"The West thus needs a nuanced policy that includes trade and investment; widespread engagement; and when necessary a readiness to defend its principles and security interests", it concluded, finding that "On this measure David Cameron, Britain's prime minister, has failed the test of statesmanship."

The "new golden friendship with Beijing will endanger the old 'special relationship' with America," it warned. "If China clashes with America, still East Asia's foremost power, Europe will not be spared the consequences."

To avert this danger, the *Economist* advised that Cameron "should support America when it challenges China's claims in the South China Sea. Even better, he could send along a ship."



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