



CENTRE FOR BREXIT
POLICY

DEFINING BRITAIN'S POST-BREXIT ROLE IN THE WORLD

JUNE 2022





CENTRE FOR BREXIT **POLICY**

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THE CENTRE FOR BREXIT POLICY

The Centre for Brexit Policy (CBP) is a think tank backed by cross-party voices who support the UK leaving the EU. It was formed to propose the critical policy changes enabled by Brexit that will boost national prosperity and well-being in years to come, as well as help ensure that Britain fully 'takes back control' after leaving the European Union.

The CBP aspires to trigger a deep and wide debate about what Brexit should mean for the UK over the next decade or two. By providing a focus for the development of post-Brexit public policy, the CBP hopes to help formulate an overarching framework for the UK that maximises the opportunities Brexit affords. This will be promoted to Government, Parliamentarians, and the public welcoming contributions from those who want to see Brexit open a new and fruitful chapter in our country's life.

The CBP has three core objectives:

- Identify the benefits and opportunities of Brexit across the full spectrum of economic, trade, social, foreign, defence and security policy areas proposing new policies for the Government's agenda
- Continue to make the intellectual, evidence-based case for a 'real' Brexit and provide the Government with clear and constructive advice on how to deal with ongoing negotiation and implementation issues. A 'real' Brexit means regaining full control over our laws, borders, seas, trade, and courts.
- Check any attempts to dilute Brexit, as well as serving as a catalyst and rallying point for positive news stories that, over time, will be able to persuade and demonstrate the many substantial advantages of Brexit

Delivery of these objectives is based on professional, substantive fact-based research by experts in their fields leading to authoritative reports, short papers, comment articles/pieces, events, and briefing meetings - both within and without Government.

The CBP is supported by a cadre of expert CBP Fellows drawn from multiple disciplines to provide additional expertise and experience in developing an agenda for policy change that will ensure the British people benefit from Brexit.

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EXECUTIVE SUMMARY

The UK's exit from the EU on 31 January 2020 was a seismic political event. Britain suddenly was thrust into a rapidly changing world. As a significant – and now independent – power it required a coherent global policy based on a clear sense of its national purpose and geared to its long-term interests. Britain needed to reinvent itself, not only in Europe, but also East of Suez, as well as responding to the reverberations of recent US policy in Afghanistan, and of course to the sudden security crisis created by Putin. Events since the election of President Biden and the Ukraine war have added to the list of unresolved policy issues.

Having subcontracted much of its policy-thinking to the EU for forty years, the problem for British foreign policy development was that the cadre of senior civil servants of the past four decades, and especially the last two, had grown used to taking instruction from higher authority in Brussels and then merely 'topping and tailing' them for Parliament, reducing ministers' options and 'gold-plating' them in the process.

The Integrated Review, published in March 2021, was meant to have addressed this issue. While the intention in that review was correct and it clarified some aspects of Britain's future military posture, it left unresolved a number of strategic lacunae: in relation to Europe; the globalist order the EU seeks to promote; the rising totalitarian power of China; and (what was then seen as) the decaying authoritarianism of Russia. It was an opportunity missed.

Government must choose and move – that is what government is for. But successive British governments have developed the habit of avoiding choosing and doing.

The purpose of this paper, written by more than 20 foreign policy experts, politicians, and academics, is to help the Government to – at the least – do a better job of choosing in a complex post-Brexit world where ministers no longer have the luxury of waiting for the EU to set the direction. It begins with an in-depth historical look at our journey of entering the EEC and leaving the EU, asking what are the lessons of Brexit. It then reviews the geo-political situation in the major regions of the world and sets out recommendations for foreign policy in each region.

The paper reconnects our future opportunities to our once well-understood structural and cultural strengths. It does so not as an act of nostalgia but as a forward-looking and mature resumption of a course of action interrupted by the aberration of our forty-year long excursion into and out of the continental project.

The paper is structured around nine major conclusions:

1. **The perspective of Britain's place in the world has been distorted over the years by a myth that Britain was once a 'superpower' but has been in decline ever since.** This declinist myth has dominated the thinking of our elites since the end of the Second World War and still – post-Brexit – holds us back from capitalising on our break with the EU. We show that:
 - **Britain is not and never has been a superpower.** We are a medium-sized country that, on any objective measure, ranked near the top 300 years ago and still does today. The 'declinist' misconceptions became particularly acute soon after the Second World War, and led directly to the UK applying to join the EEC in 1961. An exaggerated belief in Britain's economic failure and an over-reaction to the end of Empire were the two main catalysts for this pessimism.

- **The historical foundations of Britain's past success are still intact** – ie,
 - A stable and cohesive political and legal system
 - A relatively coherent national strategy
 - A capacity to mobilise financial resources through trade, taxation and borrowing
 - Reliance upon sea power as the principal form of hard power
 - The ability to build alliances and harness global strengths
 - A talent for capitalising on soft power
- **This history has bequeathed a unique legacy that provides breadth in strategic choice to Britain today**

2. **Brexit rejected declinism and called for adopting a new national mindset** – ie,

- Setting aside the myth of 'declinism'
- Accepting the right lessons from Brexit
- Recognising the strong global respect and goodwill toward Britain
- Prizing the Commonwealth as a unique international asset
- Capitalising on the advantages and widespread acceptance of the British legal system
- Rejecting the distortions of 'globalism' while embracing genuine free trade

3. **Our critically important links with the United States should be strengthened**

- **Recognise the prime importance of the US to the UK and the deep links that exist between the two countries.** The US will remain the dominant world power as far as we can see into the future and, in an uncertain world, our ties with the US are fundamental. While its interests do not always coincide with ours, they often do so and, more fundamentally, commonalities of values and legal thinking transcend differences and mean we can achieve things with the US that are far harder to achieve with other allies.
- **Recognise that institutions matter more than personalities.** There is too much emphasis on the personalities of the President and Prime Minister. The strength of the 'Special Relationship' rests not in friendship at the top, but on the 'thickness' of the relationship in every walk of life. The Special Relationship is like a great iceberg: the part we see is the high politics of it, but the 90 percent that is below the water, out of sight, is what gives the iceberg its strength and stability. The depth and breadth of the Anglo-American relationship is unparalleled. It's common to remark on the complete interoperability of our defence, intelligence, and security institutions but that closeness is paralleled in many other fields.
- **Enhance Anglo-American links pragmatically over time.** The question we face is not whether to turn first to the US, but how we can best understand and make use of our relationship. The fundamental need is to advance policies that make it easier for existing ties to flourish, and for new ones to grow organically out of the needs and interests of the British and American peoples – eg,
 - Preserve freedom in Britain
 - Understand how the US works and take this into account in policy-making
 - Liberalise visas
 - Reform the British Embassy in Washington
 - Increase defence spending
 - Build on the promising beginnings of AUKUS

4. **Britain's global response to China needs to be redefined.** We are now emerging from a make-believe world in which it was thought that China was a benign commercial partner whose strength and skill-base could be harnessed for the world's greater good and, if the Western world accommodated itself to China by helping it achieve its commercial and economic aims, China would become like us, playing a constructive part in a bi-polar world alongside the United States. Today, only the most uninformed or those who are beneficiaries of China's largesse subscribe to this idea. There remains quite a lot of ignorance about China's motives and *modus-operandi*.
 - **Be clear about China's threat to the world order**
 - **Support development of an 'Anglosphere+' as an alternative to growing Chinese influence throughout the world**
 - Re-invigorate the Commonwealth to provide an alternative to Chinese influence
 - Prioritise and accelerate FTAs in the Commonwealth and with the US
 - Build on AUKUS and the Quad to Accelerate Anglosphere+ Security
 - **Prioritise Britain's response to Chinese aggression over commercial interests**
5. **Russian policy requires revision in light of the war.** Until recently many observers viewed Russia, as a relatively insignificant economy with the capacity to be a bothersome irritant but believed it did not pose a serious strategic threat to the world. Today, Russia has shown itself to be a greater threat than previously envisaged and the world's view and response requires revision. While the war in the Ukraine demands actionable and immediate responses, a longer-term perspective and policy for dealing with Russia is needed.
 - **Understand how Russian containment and transformation policy have evolved and the consequences of the Ukraine war**
 - **Accept that a pure containment policy toward Russia is no longer possible**
 - **Base policy choices on the principle that Ukraine is an allied democratic sovereign State and our role should be to support its status by all necessary means**
6. **European foreign policy needs to be based on a more objective perspective about the EU and become more focused on individual countries.** Since Brexit, the UK cannot continue to engage with the EU as it did prior to 2019. The EU is in a state of political flux and is an organisation in trouble, divided along political, economic and cultural lines, which necessitates adaptation in the UK's approach. The unthinking acceptance/reverence toward the EU as a friend and major power guaranteeing Britain's existence, as an honest broker of Britain's global interests, and a unified political entity with views that are somehow superior to our own is one of the most important mind-sets that Britain must change.
 - **View the EU's relative importance and motives objectively**
 - **Establish a new objective post-Brexit policy toward Europe**
7. **We need to increase support to our Indo-Pacific allies.** If China were to dominate the Indo-Pacific and reduce other regional countries to client States, real tensions would be created that could easily spill over into localised conflicts or worse. A power balance in the region is required in which the UK can play a major role:
 - **Support the Indo-Pacific power balance**
 - **Help Japan deter regional PRC actions**
 - **Adopt a more proactive policy toward India**

8. **We can do a better job of capitalising on our natural allies in the Middle East.** Historically, Britain has exerted a level of influence only rivalled by the US but there is a growing sense of neglect many of our allies feel about the unwillingness of successive British governments to address their concerns. Russia and the Gulf States are not natural allies for Middle Eastern countries and, with the right level of political and diplomatic investment, it still is possible for Britain to turn around this unhappy state of affairs. In addition, by so doing, it could open the way for Global Britain to benefit from a new era of prosperous trade links with its traditional allies in the Middle East.
- **Re-establish the region as a foreign policy priority at the FCDO through the appointment of a minister with responsibility for overseeing the entire region**
 - **Deepen and expand military ties with the region, especially with key allies such as Saudi Arabia and other Gulf States**
 - **Give serious consideration to reviewing the UK's broader policy towards the region, which has previously seen too much emphasis placed on renegotiating JCPOA**
9. **The civil service needs to be rewired to make it fit for a Global Britain.** Effective policy cannot be devised or implemented without the active participation and wholehearted support of the civil service. It has been clear for some time that Brexit policy has not enjoyed such support from many officials. Moreover, evidence has accumulated suggesting civil servants may not always be competent to carry out their responsibilities and that social mores and value judgements are interfering with getting the job done.
- **De-politicise and upgrade the civil service**
 - **Accept that Whitehall has a serious problem**
 - **Face up to the underlying causes**
 - **Rewire the fundamentals of civil service managerial and administrative procedures**
 - Organisation model
 - Recruitment
 - Training and development
 - Pay-performance structure
 - Rules and working practices disciplines
 - Policy profession
 - Internal politicisation
 - **Provide meaningful ministerial leadership**

FOREWORD

PERSPECTIVES OF A FORMER REMAINER

Professor Niall Ferguson

I was a Remainer. I campaigned against Brexit in 2016 almost as vigorously as I campaigned against Scottish independence in 2014. It is therefore a rather striking gesture in the direction of reconciliation that the authors of this report, Brexiteers all, asked me to write a foreword to it. I agreed for the simple reason that I have believed since October 2016 that the vote to leave the European Union was irreversible and that those of us who were on the losing side have a responsibility to make the best of it, rather than to harbor delusions of a second referendum.

This is not a paper about the National Health Service or immigration any other aspect of domestic politics that was supposed to be improved by Brexit. It is about Britain's role in the world now that it has got its divorce from Brussels. The former U. S. Secretary of State Dean Acheson famously remarked in 1962 that Britain had 'lost an empire but not yet found a role.' Its new role after 1972 was supposed to be as a member of the European Economic Community, which it would have joined sooner had it not been for the vetoes of President Charles de Gaulle. Now, however, Britain has lost that role, too. Can it find another, better one?

The authors argue that 'declinism' distorted perceptions of Britain's place in the world and prompted its European experiment. That may well be true. Growing up in Glasgow in the 1970s, I had every reason to believe in British decline, as what had once been the 'Second City of the Empire' faded into the great North British rustbelt. We schoolboys felt no nostalgia whatsoever for the Imperial era; we enjoyed watching its stereotypes being ridiculed by Monty Python and the Carry On troupe. Like decimalisation, joining the Common Market sparked little enthusiasm. I was more excited by the Sex Pistols' assault on the Queen's Silver Jubilee ('God save the Queen / Her fascist regime') and by the 1979 referendum on Scottish devolution ('Oh, flower of Scotland ...').

Oxford converted me from punk to Tory, or some combination of the two. Margaret Thatcher simply seemed a more plausible solution to Britain's malaise than anything else on offer. I supported her wholeheartedly against both Arthur Scargill and General Galtieri. The odd thing, looking back, is that Thatcher came to Euroscepticism so late in the day. It was her government that pushed the rest of the European Community to become a true Single Market rather than just a protectionist gravy train for farmers. Only when she saw her own ministers—convinced they could not defeat inflation without the Bundesbank's assistance—surreptitiously surrendering Britain's monetary sovereignty did she turn against Brussels, grasping too late that the Exchange Rate Mechanism (ERM) was a gateway to monetary union, which in turn was intended to shoehorn Europe into federalism.

Throughout the debates of the 1990s, I was a consistent opponent of British membership of the ERM and the Economic and Monetary Union (EMU) that duly emerged after the debacle of sterling's devaluation in 1992. I had done my doctoral thesis partly under the direction of Norman Stone, for whom the word 'Europe' signified Proust and Wagner, not the boring *Beamtentum* of Brussels and Bonn. I once shared a stage with Enoch Powell at a meeting of the Bruges Group. I wrote leaders for the *Daily Telegraph* alongside such tyros as Dean Godson, Simon Heffer, and Noel Malcolm—who coined the insult 'federasts'. As a lecturer at Peterhouse—my first teaching job—I came under the influence of Maurice Cowling and through him met Michael Portillo and Roger Scruton. Andrew Roberts even made me a member of the anti-EU resistance in his novel *The Aachen Memorandum*.

What made me a Remainer in 2016 was a combination of historical analysis and personal loyalties. As an historian, I had spent years pondering what Friedrich Meinecke called 'the German catastrophe' and studying the wars Britain had fought to prevent Germany dominating the European continent. I had come to the conclusion that some kind of Continental commitment was inescapable if another such conflagration was not one day to recur. I had moved to work in the United States and begun work on a biography of Henry Kissinger, imbibing the standard American view of Britain's role as a bridge between America and Europe. And I had grown close to David Cameron and George Osborne, believing that they had devised a variant of Conservative politics—socially compassionate, fiscally austere—that was capable of winning elections. From all these points of view, the idea of taking Britain out of the EU seemed a

distraction—especially as John Major had secured an opt-out from the perilous project of EMU.

I was wrong about Brexit because I underestimated four things. First, as a Scotsman, I underestimated the antipathy of English and Welsh voters to the EU and their readiness to pay a significant amount of alimony for a divorce. Second, I failed to appreciate the salience of the immigration issue in the wake of the German Chancellor Angela Merkel's reckless decision in 2015 to throw open the gates of Germany to Syrians, Iraqis, Afghans and others, mostly young men, seeking an escape from the miseries of the Muslim world. 'If the Germans give all of them passports, can't they just come here?' was the question I dreaded being asked in every Brexit debate. Third, I underestimated the folly of the other European leaders, who themselves underestimated the predicament Cameron was in and did almost nothing to help him. Finally, I underestimated the campaigning genius of Dominic Cummings and his 'Vote Leave' team, whose ulterior motive for pursuing Brexit was to carry out a revolution in governance within the UK itself.

I remain of the view that Brexit is like most divorces: it will take a lot longer and cost a lot more than originally anticipated. But I have come to see that, as an American friend once explained to me, 'The reason divorce is so expensive is that it's really worth it.' Brexit satisfied a popular appetite for national sovereignty that was real, and some people were prepared to pay a significant amount in forgone GDP to enjoy. Not everyone voted in the belief that there would be net benefits.

Yet there will be little enjoyment if Brexit is merely a separation. 'The Brexit referendum,' the authors write, 'was a victory of self-confidence over pessimism.' So what exactly is to be done with it to vindicate that self-confidence? The answer is rooted in an interpretation of British history with which I partly agree. 'Even at the height of its Imperial prestige,' they write, Great Britain was "... a sea power state", in contrast to huge continental states.' After the immense costs of the world wars left Britain unable to maintain its colonial Empire, 'joining the EEC was assumed by some unexplained process of osmosis to provide a remedy: it was "the lifeboat" and Britain "the sinking Titanic"'.

Yet Britain had not lost the foundations of its previous greatness, even if it had accumulated a crushing national debt and lost an Empire. It still had its 'stable and cohesive political and legal system' based (in England) on the common law. It still had a 'capacity to mobilize financial resources through trade, taxation and borrowing'. It could still rely on 'sea power as the principal form of hard power'. It could still 'build alliances and harness global strengths'. And it still had 'a talent for capitalising on soft power'. Those who argued that, with Empire gone, Europe was the only option, failed to see that those strengths remained—and might even be undermined by joining a customs union with a quite different legal tradition and aspirations to become a federation. Brexit, the authors argue, is about rediscovering the UK's historic muscles and flexing them again.

I have questions, nevertheless. They submit as evidence in favour of Brexit that 'since the 1980s, we have tended to outperform our main neighbours... We have continually outperformed the main Eurozone states since the 2000s.' That seems to overlook that the improvement in the UK's economic performance owed at least something to the advent of the Single Market in the 1980s. The post-Brexit economic outlook has been obscured by a pandemic and a war. Much now depends on how far the undeniable costs of leaving the Single Market can be offset in a world that is both more protectionist and more inflationary than the world of six years ago.

I note, too, that the authors celebrate the high international standing of British culture (they single out music and education, but they could just as well have mentioned architecture, art or literature) and British universities, not mentioning that the arts and academia were and remain the biggest reservoirs of 'Remainer' sentiment in the country.

Few people choose to get divorced in order to enjoy the delights of solitude. The core argument of this volume is that, unshackled from the EU, the UK will now be able to make more—much more—of its relationships with other blocs: in particular, the Commonwealth and the United States. And these relationships matter more than in the past, the authors argue, because of the new challenges posed by the Russian Federation and the People's Republic of China.

Again, I have questions. Was it not possible before Brexit for the UK to foster its historic ties to the Commonwealth and the United States? True, in theory Britain can now independently strike trade agreements with them, as well as with other groups of countries, which it could not do as an EU member. But is there compelling evidence that such agreements are within reach—and on a scale to compensate for Britain’s departure from the Single Market? It has applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) signed by eleven Pacific-rim countries in 2018. If a trade deal with the US proved elusive when Donald Trump was president—he who proclaimed himself ‘Mr. Brexit’—is it more likely under his Irish-American successor, who is manifestly no Anglophile? The UK government needs to work much harder on this if it is to make “Global Britain” more than a slogan.

I certainly share the authors’ view of the seriousness of the challenges posed by a fascistic Russian president and a Chinese leader who combines the old pathologies of Marxism-Leninism with dreams of Indo-Pacific predominance and technologies of mass surveillance. The global financial crisis, the Covid pandemic, and the war in Ukraine have dealt a succession of blows to the economically and politically liberal global order that emerged after the fall of the Soviet Union. The authors assess the performance of the European Union in each of these crises more negatively than I would, and they point to possible future crises of the euro area. I am not so sure.

At the same time, the authors are very confident about the future of the various American alliances and partnerships: NATO, of course, but also AUKUS and the Quad (to which the UK does not belong, though the authors would like it to join). They hope for a Ukrainian victory over Russia, which seems to me far from assured. They may underestimate the strains a prolonged East European war would place on NATO. They also, I think, attach too low a probability of the election—perhaps the re-election—of an American president less enamoured of alliances than Joe Biden.

There is certainly something to be said for the UK playing a more expansive military role ‘east of Suez’. But such a role only makes sense as part of a US-led alliance and on the basis of a substantially larger defence budget than is currently envisaged. In any case, the reader is entitled to ask why such a strategy could not equally well have been pursued with Britain still in the EU—which is not, after all, a military entity, for all the pretensions of some French and German leaders. The authors’ answer is that before 2016 there was an official obsession with the EU, that Brexit allows a new mindset, and that the UK’s support of Ukraine bears this out.

The authors are to be applauded for spelling out explicitly what they think Brexit is *for* in the realm of international economics and geopolitics. They provide a few rounds of ammunition for the *New York Times* theory that Brexit contained an element of nostalgia for the Imperial past, of which the Commonwealth is, after all, the residue. Does a looser relationship with Brussels mean a tighter one with Washington, even though far short of 51st statehood? These were, of course, options contemplated at the time by the opponents of British accession to the EEC in both the Labour and Conservative parties. It remains to be seen if UK economic performance will be sufficiently strong outside the EU to sustain this essentially Churchillian vision of a Great Britain entangled more with the Commonwealth and the United States than with the European Continent.

Like the authors—and, indeed like Dominic Cummings—I see little prospect of this happening without a radical reshaping of the British state from within. If Brexit turns out to have been the necessary prelude to such a revolution in government, then those of us who voted Remain will have to congratulate those who voted Leave. I only wish I saw more sign of it, as I write. To look back on an earlier epoch of English history than the authors touch on here: we have our Henry VIII and we have our divorce from Rome. It’s our Thomas Cromwell who’s missing.

Stanford, California

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INTRODUCTION

*Methinks I see in my mind a noble and puissant nation rousing herself like a strong man after sleep,
and shaking her invincible locks: methinks I see her as an eagle mewing her mighty youth, and
kindling her undazzled eyes at the full midday beam*

John Milton, Areopagitica, November 1644

To govern is to choose', wrote the French Prime Minister Pierre Mendès France after the country's defeat at Dien Bien Phu in 1954. France eventually chose Charles de Gaulle and a new republican constitution.

After the Brexit referendum of 2016, a divided UK parliament chose indecision – just like the French Fourth Republic. The May government sought a hybrid existence, offering to sacrifice sovereignty to the EU in return for trade. They cast aside the opportunity for a US trade deal in the process, by acquiescing in bogus EU legal assertions that no negotiations could take place during the exit period.

The clarifying election of December 2019 changed the position but, unlike the glacial process of ever-closer union, the UK's exit from the EU on 31 January 2020 was a seismic political event. Having subcontracted much of its policy-thinking to the EU for forty years, Britain was suddenly thrust into a rapidly changing world that was no longer *en route* to a globalist end of history where it did not need to make up its mind.

A significant – and now independent - power like Britain requires a coherent global policy geared to its long-term interests and a clear sense of its national purpose. Policy must consider not only the economic dimension of Brexit but how commercial and geo-political interests are linked in an interconnected, but far from integrated world. This agenda has implications for Britain's reinvention not only in Europe, but also East of Suez, as well as responding to the reverberations of recent US policy in Afghanistan, and of course to the sudden security crisis created by Putin.

The nation's foreign policy should serve the interests of its people by engaging with the world in a manner that seeks to safeguard and maximise their well-being. The problem for British foreign policy for the better part of three decades is that those who have traditionally fashioned the nation's profile and actions on the world stage have lost sight of this most fundamental of precepts. For example, in his book, *The Road to Somewhere*, David Goodhart recalls a dinner at Nuffield College Oxford where the head of the Civil service, Gus O'Donnell, said that he believed in maximising global welfare rather than national welfare.

Such extreme detachment from the concept of the national well-being is indicative of the decline of any belief in a British project amongst the policy elite. A record of reckless advocacy, catastrophic foreign policy failure and national self-harm have been the logical and obvious results. 'Learned helplessness' has also been a pernicious feature. The cadre of senior civil servants of the past four decades, and especially the last two, have grown used to taking instruction from higher authority in Brussels and then merely 'topping and tailing' them for Parliament, reducing ministers options and 'gold-plating' them in the process.

In December 2020, Boris Johnson advertised his intention to 'undertake the deepest review of Britain's security, defence and foreign policy since the end of the Cold War'. It was to evaluate 'Global Britain's foreign policy, British alliances and diplomacy, shifts of power and wealth to Asia, how to use the UK's huge expenditure on international development, and the role of technology'. The fruits of this strategic review, *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy*, were published in March 2021.

Whilst it clarified some aspects of Britain's future military posture, it left unresolved a number of strategic lacunae: in relation to Europe; the globalist order it seeks to promote; the rising totalitarian power of China; and (what was then seen as) the decaying authoritarianism of Russia. Events since the election of President Biden and the Ukraine war have added to the list of unresolved policy issues.

All the authors of this paper saw it as an opportunity missed. While the intention in that review was correct, we believe it fell short both in conception and in execution. It was neither integrated nor strategic. Too much of it confused the levels of analysis, presenting second order topics of tactics and delivery as if they were first order Grand Strategic analysis.

The historian John Bew, now a key figure in the Downing Street Policy Unit, observed that the 'the greatest challenge to the new government was to identify some guiding principles for a new global strategy' and take measures 'to transform current uncertainty into opportunity'. Clearly, the 'guiding principles for a new global strategy' remain unfinished business.

Government must choose and move - that is what government is for. But successive British governments have developed the habit of avoiding choosing and doing. One former foreign office minister has complained in private that British foreign policy was a façade, concerned only with going through the motions and chasing headlines. The EU gave them that luxury. That is no longer possible.

Since criticism carries an implied duty of response, this paper was therefore originally conceived as a corrective to the Integrated Review and overall as provision of the missing top hamper of properly conducted grand strategic analysis for which—as ever more experienced observers are realising—there is not yet any successful capacity in Government: certainly not the Cameron-era innovation of the constitutionally alien concept of a National Security Council and staff.

Paraphrasing Burke, Santayana, and Churchill, "Those who don't learn from history are doomed to repeat it". Our lodestars in this regard first shone in Viscount Castlereagh's Great State paper of 1820, written after the defeat of Napoleon, which guided British policy successfully for much of the nineteenth century. Another such guide, less well known, is Sir Eyre Crowe's 1907 Memorandum which expressed policy priorities of great relevance today and which helped set the tone of British foreign policy until the pernicious anaemia of 'declinism' in the Official Mind advanced after the second world war and weakened the entire body politic. The origins and explanations of that 'declinism' frame one of the paper's central intellectual themes.

It was Crowe, the Foreign Office's future Permanent Secretary, arch anti-appeaser, and brilliant German-born principal expert on Germany, who wrote that as a pre-eminent naval and trading island, Britain, "more than any other non-insular Power, has a direct and positive interest in the maintenance of the independence of nations." This, he observed, was best achieved by a balance of power. Britain "therefore must be the natural enemy of any country threatening the independence of others, and the natural protector of the weaker communities". Churchill repeated the same message in 1948 in *The Gathering Storm*: "It has nothing to do with rulers or nations; it is concerned solely with whoever is the strongest or potentially dominating tyrant." All this resonated loudly again after 24 February 2022 and we are relieved to see that with impulsion from the Prime Minister downwards, actions have reawakened these long-sleeping national traits and priorities.

This paper reconnects our future opportunities to our once well-understood structural and cultural strengths. It does so not as an act of nostalgia but as a forward-looking and mature resumption of a course of action interrupted by the aberration of our forty-year long excursion into and out of the continental project.

The first two chapters of the paper help us to know ourselves: to know our strengths as well as our weaknesses and to understand just how remarkable are our potentialities as a middle-sized country that is also a significant power.

Chapter I, *Britain's Place in the World Distorted by Myth of 'Declinism'*, sets out the foundation of the paper. It punctures the myth that Britain, having once been a 'superpower', has been in decline ever since. We show that, in fact, not much has changed in the past 300 years; Britain has always been a medium-sized country, ranking near the top in turns of global influence. We show how the foundations of Britain's past success are still intact, leaving us with important options for how we play our global role today.

Chapter II, *Brexit Rejected Declinism, Calling for a New National Mindset*, explains that Brexit was a rejection of declinist attitudes calling for a new national mind-set, which the chapter sets out.

The next chapters describe the geo-political realities in the six major regions of the world relevant to the UK and outline the directions for foreign policy in each:

Chapter III, *Strengthening Critically Important Links to the US*, emphasises the vital importance of maintaining our institutional and cultural links to the US and how these can best be expanded pragmatically over time

Chapter IV, *Redefining Britain's Global Response to China*, shows in some depth why China is a threat to the world order, proposes establishment of an 'Anglosphere+' to provide an alternative to Chinese influence, and sets out specific steps the UK can take to prioritise countering local Chinese aggression

Chapter V, *Revising Russian Policy in Light of the War*, traces the evolution of Western policy toward Russia and the implications for policy following the Russian invasion of Ukraine

Chapter VI, *Shifting to a More Objective and Country-Focused European Foreign Policy*, makes a hard-headed assessment of the realities of the EU, suggests how the UK should view the EU, and proposes a framework for a new European foreign policy

Chapter VII, *Increasing Support to Our Indo-Pacific Allies*, explains why the UK must re-engage with Indo-Pacific countries after a period of withdrawal, adopt a balanced strategy with China, and why explicit support for Japan is important

Chapter VIII, *Capitalising on Our Natural Allies in the Middle East*, proposes steps the UK should take to address a sense of neglect in Middle Eastern countries

The final chapter addresses deeply-rooted systemic and cultural problems in the civil service, the FCDO in particular, that must be corrected if the UK is to be successful in implementing an effective post-Brexit role in the world.

Chapter IX, *Making the Civil service Fit for a Global Britain*, catalogues persistent problems in the civil service, diagnoses some of the major underlying causes, and proposes fundamental changes in civil service management processes

I - BRITAIN'S PLACE IN THE WORLD DISTORTED BY MYTH OF 'DECLINISM'

It has long been difficult for the British people, and particularly their policymakers, to form a realistic view of the country's place in the world. This is to a degree understandable.

The striking fact about the UK since its formation in 1707 is the disproportionate impact it has had on the world relative to its size and population. The world uses its language, has adopted many of its political and legal principles, followed its path of economic development, and imbibed many aspects of its civic manners and style.

This disproportionate impact has often induced a sort of vertigo among its rulers. 'We are a small spot in the ocean without territorial consequence', pronounced one minister two centuries ago. An influential commentator in our own day writes of 'inflated ambition and diminished circumstances'.¹

British power and influence have therefore often seemed precarious and fragile, even fraudulent, to itself as well as to others. Its great days regularly seemed to be ending. 'We shall never again figure as a leading power', lamented the First Lord of the Admiralty—in the 1780s. Britain had 'fallen utterly and forever, all influence and force lost ... a second class power, comparable with Sweden', thought the Austrian emperor Joseph II. A century later, the Colonial Secretary Joseph Chamberlain lamented that Britain was 'a weary titan'. As the country celebrated Queen Victoria's Diamond Jubilee Rudyard Kipling warned poetically that 'all our pomp of yesterday is one with Nineveh and Tyre'.

However, this persistent lament does not square with the historical reality:

- **Britain has never been a superpower but for 300 years has been a medium-sized country with global influence**
- **The historic foundations of Britain's success were based on a stable and cohesive political/legal system and relatively coherent national strategy, underpinned by a capacity to mobilise financial resources, reliance upon sea power, an ability to build alliances, and a talent for capitalising on its soft power**
- **While this unique legacy may be viewed differently from varying perspectives, it unquestionably provides Britain with choices for defining the nation's role in the world**

The following sections of this chapter explain these observations in greater depth.

¹ Philip Stephens, *Britain Alone: The Path from Suez to Brexit* (Faber & Faber, 2021) p 2

NEVER A 'SUPERPOWER': A MEDIUM- SIZED COUNTRY WITH GLOBAL INFLUENCE

The idea of decline is based on a widespread belief that Britain was once a superpower and no longer is. However, Britain never was a superpower like a giant continental land mass such as the United States. For the better part of four centuries, Britain has been a maritime-focused great power with nimbleness and focus that made up for limited territory and population.

While declinist pessimism has been repeated for centuries (even following the 100 Years' War in the 1450s), it rose to a crescendo during the 1950s and 60s within the policy elites. The Suez debacle of 1956 seemed to mark the end of an era, and distorted fundamental political choices for more than half a century. Declinism shaped the orthodox account of Britain's reduced place in the world, shared by several generations of politicians, diplomats and commentators.

It was the principal driver for joining the European Economic Community (EEC) in 1972. Outside the EEC, warned a Cabinet committee, 'we shall run the risk of [losing] any real claim to be a world Power',² echoing the view that Britain would become merely 'a greater Sweden'.³ Similar fears were the bedrock of 'Remainer' assumptions about weakness and isolation during the EU referendum campaign in 2016, since proved wrong in fact.

Always Near Top of the League

Yet however commonplace this view, it is a misrepresentation. Britain is not a 'medium sized power' (like Poland or Pakistan). Nor does Brexit represent nostalgia for 'its glorious past as a great power'.⁴ For Britain is still what it has been for the last three centuries: one of the world's most influential and powerful states across a range of factors: economic, military, legal and cultural. Due to the contrast between its medium size and its outsized influence, it has often seemed to members of Britain's political classes to be hanging on by the skin of its teeth. But that is misleading. It has long been securely near the top of the league, and so it remains today, 'probably in third place after the United States and China, and certainly among the top four or five actors in the global system.'⁵

World's Major Powers and their Populations, c. 1710

• China (Qing Empire)	c 210 million
• India (Mughal Empire)	c 150 million
• France	c 20 million
• Germany (Holy Roman Empire)	c 20 million
• Britain	c 9 million
• Russia	c 25 million
• Turkey (Ottoman Empire)	c 25 million

Source: Prof Robert Tombs

2 Quoted in Jim Tomlinson, 'Inventing decline: the falling behind of the British economy in the postwar years', *Economic History Review* 49 (1996) p 742

3 Sir Con O'Neill (chief British negotiator), dispatch 1964.

4 Peter Ricketts, *Hard choices: What Britain Does Next* (Atlantic Books, 2021) p 237

5 Brendan Simms, *Britain's Europe: A thousand Years of Conflict and Cooperation* (Penguin, 2017) p 225

How can the 'declinist' view be explained? It seems to have arisen from a profound loss of confidence within the post-war British establishment. One part of the elite was (and is) only too eager to revel in such pessimism—Britain being, in George Orwell's opinion, the 'only great country whose intellectuals are ashamed of their own nationality.' This view, however, was not one shared by most of the population when subjected to an electoral test - as it was in the Brexit referendum in 2016 - which was a victory of self-confidence over pessimism.

More precisely, modern declinism is founded on two historical illusions, both of which tend to take exceptional circumstances as norms, and are perhaps influenced by vague echoes of Victorian jingoism about 'an empire on which the sun never set'.

- **The first illusion is to assume that the huge but transient advantage given to Britain during the late eighteenth and early nineteenth century by its pioneering industrialisation could or should somehow have been permanent.** Once other countries were able to follow the path of industrialisation pioneered by Britain it was self-evident that it could not long remain the world's dominant producer or trader. As Disraeli put it, 'Europe would not long allow us to be the workshop of the world.' To imagine that the emulation by other countries of British industrial methods—deliberately facilitated by British technology and British capital—was a symptom of failure is a strangely ethnocentric illusion. This is especially strange when the result has been a historically unprecedented rise in global living standards, with Britain remaining one of the world's richest countries, and with an economy that has evolved from basic manufactures to high tech and global services.
- **The second illusion is the belief that Britain was once (at some unspecified period) a superpower and no longer is: the ultimate proof of its decline.** A moment's reflection shows that this was never the case. Britain, even at the height of its Imperial prestige, was what Andrew Lambert defines as 'a sea power state', in contrast to huge continental States.⁶ Possession of a large empire (run on a shoestring) did not make Britain a superpower, any more than it did Holland or France. Indeed, the very term 'superpower' arguably makes no sense before the emergence of the United States during the Second World War. Nevertheless, the notion that Britain has declined from superpower status continues to distort perceptions of what we were and what we are now. There is a degree of irony here. Declinists invariably argue that their critics are obsessed with Empire. It is more accurate to suggest that they are the ones primarily looking backward and preoccupied with the illusion of lost Imperial grandeur.

Post-War Panic Led to EEC

The 'declinist' misconceptions became particularly acute soon after the Second World War, and led directly to the UK applying to join the EEC in 1961. There were two catalysts for pessimism: first, an exaggerated belief in Britain's economic failure; and second, an over-reaction to the end of Empire:

1. **Belief in economic failure.** After 1945, it was widely believed that continental States, particularly France, Italy and Germany, were permanently and structurally outpacing Britain. During the 1950s and 1960s, this belief affected national decision-making. It inspired many fanciful theories about the country's supposed cultural and political weaknesses.

Joining the EEC was assumed by some unexplained process of osmosis to provide a remedy: it was 'the lifeboat' and Britain 'the sinking Titanic'.⁷ In reality, Europe in the 1950s and 60s was experiencing a one-off period of rapid growth (what the French call 'the Thirty Glorious Years') arising principally from agricultural modernisation and post-war recovery.

⁶ Andrew Lambert, *Seapower States: Maritime Cultures, Continental Empires and the Conflict that Made the Modern World* (Yale, 2019)

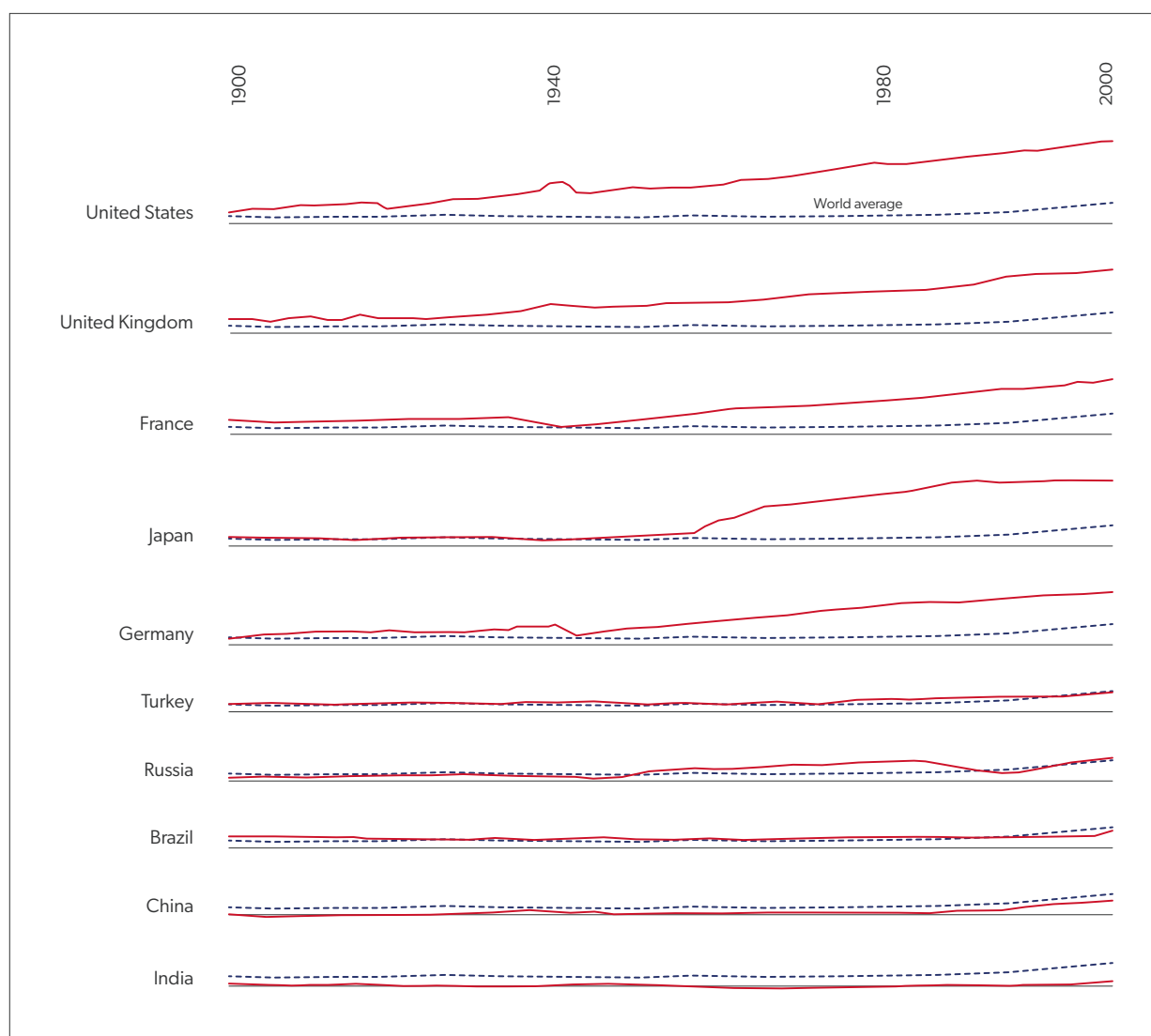
⁷ Sir Roy Denman (Harold Wilson's advisor), *Missed Chances* (Indigo, 1996) p 233

By a double irony, Britain joined the EEC just as this post-war boom was ending, and when Commonwealth growth was accelerating. Moreover, there is evidence suggesting that common law countries have benefited from faster economic growth over time.⁸ The central plank of the remainder/rejoinder case against Brexit is simply not true.

Since the 1980s, and particularly since the creation of the euro, Britain has consistently outperformed EU average growth. From 1990 to 2019, the UK economy grew 78% in total, compared with the Eurozone countries' 56%. Though declinism has been encouraged by the tendency to compare British performance unfavourably with whichever countries were doing best at any particular time (in turn Italy, France, Japan, Germany, China, etc.) the fear of decline was for most people alleviated by the facts and realities that they saw before them. Hence, the vote in 2016, despite warnings that Brexit would bring disaster.

Over the longer term, there has been no overall economic decline, and hence Britain retains an economic strength commensurate with its political and military ranking.

Per Capita GDP, c. 1900-c. 2000:



Source: *Bibliothèque Numérique, Sciences Po, Paris*

⁸ See eg see the Commonwealth Growth Monitor, showing higher growth data in the Commonwealth than the Eurozone during 1971–2016: https://www.world-economics.com/papers/Commonwealth_Growth_Monitor_0e53b963-bce5-4ba1-9cab333cedaab048_paper. See also Cross, *Identifying the Virtues of the Common law* (2007) 15 *Supreme Court Economic Review* 21; Graff, *Law and Finance: Common law and Civil Law Countries Compared: An Empirical Critique* (2008) 75 *Economica*, New Series 60; Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer, *The Economic Consequences of Legal Origins* (2008) 46 *Journal of Economic Literature* 285; and Mahoney, *The Common law and Economic Growth: Hayek Might Be Right* (2001) 30 *Journal of Legal Studies* 503.

2. **Over-reaction to the end of Empire.** The era of decolonisation had a powerful psychological impact on that minority of the population who were strongly committed to the notion of empire as integral to the nation's identity - a minority that included much of the political and diplomatic establishment. There was clearly a loss of prestige, which was not negligible. Yet did the end of Empire mean a loss of real power or wealth? That is highly debatable.

The eminent military historian, Sir Michael Howard, described the British Empire as 'a brontosaurus with huge vulnerable limbs that the central nervous system had little capacity to protect, direct or control.'⁹ After all, the renowned Indian Civil service was run – and run efficiently – by fewer people than OFSTED or an average county council has today. The military power the Empire could eventually muster, though real, was largely taken up with its own defence. As George Orwell (a former Imperial police officer) observed, over 'nearly a quarter of the earth, there were fewer armed men than would be found necessary by a minor Balkan State'.¹⁰ This may have been a tribute to the Empire's effective governance and to its acceptance by most of its peoples; but it does not constitute a superpower.

The economic benefit of the Empire to Britain—certainly once the adoption of free trade in the mid-nineteenth century had ended privileged access to Imperial markets—though 'not entirely negligible', was small.¹¹ The maintenance of an overseas Empire cost a great deal in money and human resources. It skewed the British economy in some directions that were arguably disadvantageous (encouraging huge production of cheap cotton cloth for example). Protecting the Empire from rival powers dominated British strategy from the 1880s onwards.

The end of the European empires from the 1940s to the 1970s lifted an unsustainable burden from Imperial States. Only in appearance, and in the self-perception of its rulers, was Britain diminished by the independence of its colonies, which Disraeli once memorably called 'millstones round our necks'.

Elite fears that the end of Empire meant the end of Britain's great power status was aggravated because its military power during the Second World War had eventually been overtaken by new 'superpowers': the US and to some degree the USSR (only military and only temporary). Britain's war effort from 1939 to 1945 was by any standard extraordinary.¹² Its forces were engaged on land, sea and air in numerous theatres of operations. It was unsurpassed in the sphere of intelligence. These feats were possible only through huge efforts of national organisation and by placing burdens on the population arguably greater than any country in history has ever accepted. For example, 90 percent of men aged 14 to 64 were mobilised into the war effort. Such exertion was always going to be temporary. Self-evidently, a country of 48 million people could not hope to outmatch two vast continental States of 140 million and 180 million.

For all these reasons, it is an illusion without historical basis to think that Britain has 'declined' since 1945 compared with its past or the generality of other major States. It returned to its long-term position as a global power with limited resources. The USA indeed emerged as a true superpower – to date, the only one there has ever been. The USSR was only temporarily (if at all) a superpower, only having survived German attack with vital assistance from the UK and US. Whether China will attain Xi Jinping's 'China Dream' of global supremacy by 2049 is open to question, but it constitutes a vast challenge, to be discussed later in this paper.

It is important to emphasise these points because distorted historical perceptions have done much to undermine Britain's self-confidence and limit its initiative. They still do: ingrained declinism continues to hamper ambitious policies to make the most of Brexit opportunities by clinging to alignment with the EU.

9 Quoted in Ronald Hyam, *Britain's Declining Empire: The Road to Decolonisation, 1918-1968* (Cambridge 2006) p 74

10 George Orwell, *Essays* (Penguin, 2000) p 152

11 Avner Offer, 'Costs and benefits, 1870-1914', *Oxford History of the British Empire*, vol. III (Oxford, 1999) p 708

12 Three major reinterpretations of the war which give proper prominence to air and sea power, in which Britain was throughout a dominant force, are Phillips Payson O'Brien, *How the War was Won: Air-Sea Power and Allied Victory in World War II* (Cambridge, 2015), Evan Mawdsley, *The War for the Seas: A Maritime History of World War II* (Yale, 2019), and Andrew Boyd, *The Royal Navy in Eastern Waters: Linchpin of Victory 1935-1942*, (Seaforth, 2017). Boyd provides a major new thesis that ties RN power in the Indian Ocean and Far East to a general explanation of victory.

This paper explores ways in which Britain can confidently embrace the challenges and opportunities open to it in the era following its departure from the European Union, and the potential these have to advance the UK's national interests and to further elevate its international standing on the world stage as 'the last European great power'.¹³ Britain can play a more significant role than as a Member State of the EU. This has already been demonstrated by the AUKUS pact and the UK's leading role in supporting Ukraine. All this depends upon both an accurate understanding of our history as sketched above and a purging of 'declinist' illusions from Whitehall and Westminster so that the power bubble catches up - in Edmund Burke's famous phrase - with 'the wisdom of unlettered men' across the country.

GLOBAL BRITAIN'S LONG-STANDING FOUNDATIONS

The long-term disparity between Britain's size and its power and influence raises the question of how this was achieved. The answers provide a guide to meeting the challenges of the contemporary international environment.

The creation of the UK, and its entry onto the world stage during the early 18th century - rapidly changing from European laughing-stock to world power - meant that its rulers had to make choices based on an assessment of Britain's strengths, weaknesses, security and interests, including its ability to benefit from its island position.

Power is hugely costly. There were key elements over the last three hundred years that buttressed British power. To understand them, we have to clear our minds of stereotypes promoted in popular film and television dramas that show pre-modern Britain as poverty stricken and disorderly and its rulers as corrupt and incompetent. The reality was quite different: at the climax of the wars against France, 'organization, management and control of resources had to be at the highest level, and they were.'¹⁴

That Britain has been so long a leading great power is due to several continuities:

- **A stable and cohesive political and legal system**
- **A relatively coherent national strategy**
- **A capacity to mobilise financial resources through trade, taxation and borrowing**
- **Reliance upon sea power as the principal form of hard power**
- **The ability to build alliances and harness global strengths**
- **A talent for capitalising on soft power**

Unless we can maintain these continuities in the future, our long-term position in the world will inevitably deteriorate.

¹³ Simms, *Britain's Europe* p 218

¹⁴ Roger Morriss, *The Foundations of British Maritime Ascendancy: Resources, Logistics and the State, 1755-1815* (Cambridge, 2011) p 401

Stable and Cohesive Political and Legal System

Since the 'Glorious Revolution' of 1688, and the creation of the Union with Scotland, the UK has been fortunate in experiencing above average political stability and social cohesion. This has been only recently and cynically damaged for partisan gain (which it did not obtain) by the Blair government's opening of the Pandora's Box of modern nationalism, especially Scottish.

There was no Golden Age: political conflict is inevitable in a relatively open society, and Britain experienced considerable and occasionally dangerous political upheavals in the 1740s, the 1770s, the 1800s, the 1830s, the 1920s (most seriously with secession of southern Ireland), and the 1970s. Yet there was no major invasion, rarely defeat, and little widespread civil disorder. The majority accepted the political system, and national cohesion increased, partly in the face of external dangers. Major political violence was very rare.

The Union with Scotland, and more problematically that with Ireland, ended or at least reduced violent instability for a long period. However, the 'problems of Scottish and Irish nationalism' have not been wholly solved after more than three centuries and, in recent years, have been aggravated. This danger is one to which unionists have been weak and complacent in responding.

British governments, both before and after the coming of democracy, had legitimacy and competence; so that for most of its recent history, Britain generally was regarded as one of the world's best governed States. As Montesquieu wrote in the most influential political work of the Enlightenment, 'England is at present the country in the world where there is the greatest freedom'.

This is reflected in the common law, which has developed an approach that respects individual and commercial liberties. Britain's long-standing belief in independent decision-making and development of the law by highly qualified, largely apolitical judges, using the sophisticated techniques of the common law,¹⁵ coupled with limited Parliamentary interventions, brings with it a dispersal of power.

The system is grounded on an intrinsic respect for liberty, both individual and commercial, inherent in judge-made case law precedent the approach of which is based more on remedies than rights.

This balancing in favour of private-sector interests is found less in the code-based systems by virtue of their very method, which seeks to define rights, obligations and restrictions in advance.¹⁶ The role of continental judges is, at any rate in theory, more mechanistic in nature. Montesquieu foreshadowed this thinking when he wrote of the judges, in 1748, as merely pronouncing the words of the law.¹⁷ The principal drafter of the Napoleonic code of 1804 spoke about an "overriding desire to sacrifice all rights to political ends and no longer consider anything but the mysterious and variable interests of the State."¹⁸ Around the same time, the distinguished Prussian jurist Friedrich Carl von Savigny expressed concerns over the adoption of such an approach for German law, but he was ignored.¹⁹

15 Scots law, the other legal system in use in the UK, is in large part a civil law system but was never codified, and for these purposes is similar to the common law.

16 See Chapter 1 in Barnabas Reynolds, *Restoring UK Law: Freeing the UK's Global Financial Market*, Politeia, February 2021.

17 *Spirit of the Laws* (1748), Book XI, Ch. 6: "[t]he national judges are no more than the mouth that pronounces the words of the law, mere passive beings, incapable of moderating either its force or rigour..."

18 Preliminary Address on the First Draft of the Civil Code, delivered on the occasion of the presentation of the draft of the government commission, on 1 Pluviôse IX (21 January 1801), reproduced in PA Fenet, *Recueil Complet des Travaux Préparatoires du Code Civil*, 465 (1968) (1827): "le désir exalté de sacrifier violemment tous les droits à un but politique, et de ne plus admettre d'autre considération que celle d'un mystérieux et variable intérêt d'État."

19 According to one distinguished historian, "[the proposals] appeared to [Savigny] as the most pernicious expression of the twin fallacies, that the normal line of legal development was by way of deliberate enactment by political bodies, and that it was possible to frame in the light of natural reason a body of law which, by its freedom from national characteristics, would suit any race, period, or clime, and at the same time be so complete as to limit the task of the judge and jurist almost entirely to the mechanical application of its terms." See *Historical Introduction to the Theory of Law*, JW Jones, Clarendon Press, 1940, p. 50

The sentiments expressed by the principal drafter are based on a false premise: that it is possible in a code to define legal arrangements in advance with such a degree of precision that the judges need merely to apply the wording of the provisions. Judges in code-based civil law systems are to some degree seen (and trained) as administrators. The reality however is that the code-based method can leave the judges with a considerable area of discretion in applying the law to new situations.

The code-based legal methodology is a method of top-down political control quite alien to the UK's legal system. Our organs of government are ill-suited to operating within the constructs of such a system.

Relatively Coherent National Strategy

In 1815, after the end of the 'Second Hundred Years War' at Waterloo, Britain was arguably first among equals of the five European great powers. Europe became unusually peaceful for an unusual length of time across the nineteenth century, and the fluid state of the world encouraged economic and imperial expansion. Lord Palmerston was able to say in 1848 that Britain had 'no eternal allies, and... no perpetual enemies.'

What did Britain do with the 'free hand' its governments generally insisted on? There are interesting similarities and contrasts with our situation two centuries later, which may suggest some unchanging lessons.

There were four principal axes of British strategy that were interlinked: **the promotion of its values, free trade, Empire, and the creation of an international legal order.**

- **Promotion of National Values.** Our forebears would have recognised British values as being liberty, constitutional government, and Christian civilisation. After 1807, this involved a unique and sustained campaign against the slave trade and then against slavery itself, using the Royal Navy and even, where necessary, assuming direct imperial control. It also included giving diplomatic and sometimes naval or military support to independent states and encouraging constitutional reform: in South America, Greece, Belgium, Spain, Portugal, Denmark, Morocco, and Siam, amongst others. It was 'politically important to use the international stage to project an image of Britain as a particular kind of regime, a community upholding desirable constitutional and ethical values'.²⁰ It also was seen as the way to maintain peace and the balance of power on the European continent. Our liberal values were exported also through the common law, successfully exported to most British imperial possessions, embodying an intrinsic deference to individual and commercial liberty.
- **Promotion of Free Trade.** Free trade was seen from the 1840s onwards as not only economically and politically necessary for Britain, but as beneficial for people across the world. This belief in the virtues of free trade was perhaps the nearest Britain has come to having a national ideology.²¹ No other country took up free trade in this way, as a humanitarian mission, supported not only by business, but also by the churches, women's groups, the anti-slavery movement, and the trade unions, who all saw it as the way to ensure global peace, prosperity and liberty. We probably are still more attached to the ideal of free trade than most other European countries: it was one of our (many) problems with EU membership. Because of its decentralised nature, the common law system tends to fit more easily with free trade than the controlling code-based civil law approach.
- **Defence of the Empire.** Although acquired 'as if in a fit of absence of mind', according to the Victorian historian Sir John Seeley, the British Empire was the largest of its kind that there has ever been, though also one of the shortest lived. As the century went on, Britain's defence and diplomatic strategy was aimed principally at defending the Empire (especially India) against encroachment by other great powers, France, Russia and Germany in particular. No matter how the history of Empire is judged, it has left a legacy of global relationships that remain central to our global policy.

²⁰ Jonathan Parry, *The Politics of Patriotism: English Liberalism, national identity, and Europe, 1830-1886* (Cambridge, 2006) p 4

²¹ Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford UP, 2008)

- **Creation of an International Legal Order.** The UK's thinking also was propagated through the creation of common legal standards, and by playing a central role in the promotion of successive schemes of international law, based on the notion of State sovereignty and international treaties. This world order suits the UK's legal approach and methods of governance.

Capacity to Mobilise Financial Resources

Debates over the scope of British strategy have often turned over the centuries on the extent to which the nation should engage in Continental power politics, or follow a maritime 'blue water' strategy. Inevitably, priorities fluctuated depending on circumstances but, in all circumstances, Britain's ability to act was based on three particular capabilities:

1. **A financial system and credibility that enabled governments to raise unprecedented amounts of money in emergencies.** The growth of the City of London, centred on the Bank of England, was spurred by government borrowing to finance the Second 100 Years War against France. It was essential that parliamentary government was credible as a guarantor of loans and of the value of the currency so that lenders were eager, essential that taxpayers were relatively willing to pay up, essential that the State was honest and efficient in collecting taxes. The financial achievement of the 18th century was astonishing: taxes increased by 6000 per cent and borrowing by 24,000 per cent.²² Similar financial efforts were made during both the World Wars. Retaining its own currency and credit system today gives Britain a crucial advantage, unique among the major European States.
2. **A high level of internal prosperity and buoyant external trade,** both with Europe and, increasingly, with the Americas and Asia - and, indeed, Africa, including the 18th-century slave trade. The 'Industrial Revolution', in which Britain led the world, ensured a couple of generations of economic advantage, from around the 1780s to the 1840s, when others - eg, the US, France, Germany - began to catch up. This economic transformation emerged from an already developed economy, dynamic trade, rising consumption, uniquely high wages, a booming population, the great energy transition from 'organic' to 'mineral' fuels (essentially coal) from thin flows of low grade (uncontrollable, intermittent, of low thermal potential) fuels to dense stocks of high grade (compact, dispatchable, of high thermal potential) fuels and, of course, political stability.²³ Others caught up, but Britain did not fall behind: rather, it began moving early towards a service economy, which has enabled it to remain at the economic forefront ever since.²⁴
3. **A diversity of raw materials and food supply developed during the 19th century, including wheat from the United States and Canada and meat from Argentina, Australia and New Zealand.** The inverse seasons of the northern and southern hemispheres, plus British sea-control and commercial refrigeration, worked together to consolidate this favourable alignment of assets. It is impossible to imagine governments in earlier times allowing today's dependence on the Calais-Dover link.

What will be the 21st century equivalent of coal and the steam engine? For most of the last four centuries, Britain has been energy rich in fossil fuels: half of Britain's energy was coming from coal in 1700 and that reliance continued almost uninterrupted, thanks to the exploitation of North Sea oil and gas, until the turn of the last millennium.²⁵ If it is to continue as a major power, Britain must take a hard-headed view on how the current rush toward 'renewable' substitutes which are placed in inverted commas because in full cycle energy accounting (EROEI) they are not, will ultimately pan out. Self-harming is not a wise strategy for individuals or for States.

22 L. Prados de la Escosura, ed., *Exceptionalism and Industrialisation: Britain and its European Rivals, 1688-1815* (Cambridge, 2004) p 216

23 This is the only energy transition that there has ever been. The belief since 2008 that it can be reversed in a so-called 'green' transition is an embarrassing misunderstanding of basic thermodynamics and furthermore is not happening, qv V. Smil, *Energy Transitions: History, Requirements, Prospects* (2010); E.A. Wrigley, *Energy and the English industrial revolution*, (Cambridge, 2011)

24 On the vexed question of relative economic performance, see Jim Tomlinson, *The Politics of Decline: Understanding Postwar Britain* (Longman, 2000), and Peter Clarke and Clive Trebilcock, eds., *Understanding Decline: Perceptions and Realities of British Economic Performance* (Cambridge, 1997)

25 E.A. Wrigley, *Energy and the English industrial revolution*, p.94

The recent, if belated, announcement of support for modular nuclear reactors gives some reassurance, but the road to this involves resumption of travel over the gas and ultra-supercritical coal bridge that was abandoned and demonised in the early 2000s. The forced deployment of thermodynamically incompetent and environmentally *more* damaging so-called ‘renewables’ (when correctly understood in whole of life energy calculation – EROEI: Energy Return On Energy Invested) has only produced high consumer costs, great fragility of supply and essentially junk assets that undermine the energy foundations of our economy. Nor, ironically, has it contributed in any useful way to amelioration of environmental injuries.

Reliance on Sea Power

An unprecedented effort of organisation, technology and finance made Britain the leading maritime power for two centuries: ‘the largest, longest, most complex and expensive project ever undertaken by the British State and society’.²⁶ The 18th century navy and its infrastructure was the biggest and most technologically advanced institution in the world. A battleship like HMS *Victory* was the most powerful and complex moving object on the planet: a modest naval squadron had more firepower than both armies at the battle of Austerlitz.

Britain chose naval power over military power to protect itself and its trade and overseas economic interests. During the climax of the wars against Napoleon, the navy cost the modern equivalent (in relative output value) of £91 billion—double today’s total defence budget.²⁷ Not surprisingly, Britannia ruled the waves.

But primarily it ruled its home waters: in its whole history, the Royal Navy has only ever fought one great battle beyond European waters, and only three times has its main fleet sailed far away (one being the Falklands War). This may soon be changing. HMS Queen Elizabeth’s Task Group has already been east, and Bahrain and Australia will once more be home ports to Royal Navy units east of Suez.

Concentration on sea power was a deliberate strategic and political choice, meaning that for most of the last three centuries the British army has been a minor force, barely able to defend the home islands. After 1800, it did not have to defend them. Britain’s invulnerability gave it a unique advantage: it could threaten without being threatened. It could disrupt the overseas communications and trade of any State—whether to give a warning or, in extremis, to wage economic war devastating effect.

Admittedly, Britain’s leaders did not always realise this invulnerability. Lord Palmerston fortified the South Coast in the 1850s for fear of French invasion, and the War Office vetoed a Channel Tunnel in the 1880s for the same reason. Consequently, every other State (most recently Nazi Germany) knew or quickly realised that they could not launch a major sea strike at Britain. ‘I do not say the enemy will not come,’ quipped Admiral Lord St Vincent; ‘I only say he will not come by sea.’

The relative primacy given to the army over the last half-century is a legacy of the Cold War. Our history, our geo-political position as islands off a continental land mass, and the increasing importance of the Asia-Pacific, suggest a restored emphasis on maritime power—and its modern dependent enablers, air power, space power and now cyber power with an expeditionary army once more in its accustomed posture as ‘a projectile fired by the Royal Navy’. Emmanuel Macron has expressed this dramatically: ‘the 20th century... was continental in its wars, its challenges, its way of conceiving of frontiers... The 21st century

26 N.A.M. Rodger, *The Command of the Ocean* (Allen Lane, 2004) p lxxv

27 Using the ‘Measuring Worth’ methodology <https://www.measuringworth.com/>

will be oceanic. That will be the theatre of power, of geopolitics, of commerce.’²⁸ The AUKUS pact and associated renewals of British alliances in the Far East suggest that we are beginning to follow this logic. AUKUS is the first major demonstration that we are on the right road. Its importance cannot be overstated, nor the importance of following through on this well-executed diplomatic coup.²⁹

The Russian invasion of Ukraine is no reason to reverse this strategic shift. On the contrary, as this paper will show, the world’s success in sustaining free Ukraine is a key component of deterrence of Xi Jin Ping’s China. Britain’s role is and should be to assist its Continental friends and allies to defend themselves, not to do it for them by prioritising major land forces for a European role.

The new significance of the Baltic and Black Seas reinforces the need for sea power. And the accession of Finland and Sweden to NATO, among other reasons, is geo-politically important because they make the Baltic a NATO lake. As Putin’s aggression has been met, the loss of Russian Federation (RF) capital, amphibious ships and naval infantry assets have had disproportionate importance.

As Putin at this writing has turned to Stalin’s tactic of using starvation as a weapon - the Holodomor of 1931-33 reinvented - Free World naval operations may be imminent to keep open Odesa and sea-routes for Ukrainian grain to Egypt and Africa.

Putin’s challenge may well demand a reversal of army cuts and some rebuilding of heavy capabilities.³⁰ But this must be achieved in the context of a serious real-term increase in defence spending. The days of robbing one service to supply another must end. The ‘peace dividend’ must be clawed back to supporting the prime duty of the State.

Proper primacy for grand strategic thinking in Government is in many ways the central demand of this paper. It is a call that is powerfully supported as it goes to press by former Chief of the Defence Staff General Lord Richards of Herstmonceux who is scathing about the muddling of levels of analysis and the loss of grand strategy.³¹

Ability to Build Alliances

It is commonly said that Britain can no longer act alone, but only in concert with allies. This is a repeated refrain in the ‘declinist’ narrative as if it a killer argument for staying in the EU. But it wounds nothing in the case for Global Britain because it is true - and it has *always been true* (see table below). Due to Britain’s small size and population, and its strategic emphasis on sea power, alliance building has been a constant need for centuries. Every major war that Britain has fought since 1689 has been as part of an alliance: with one unhappy exception: the American War of independence, when it found itself alone against France, Spain, Holland and the American rebels. Working with (and steering) alliances is the very essence of what it means to be a leading sea power state.

28 “... le XXème siècle, à beaucoup d’égards, fut continental par ses guerres, ses défis, la manière de penser les frontières puis de panser nos plaies et de nous réconcilier. Le XXIème siècle sera maritime. C’est là que se joue la puissance, la géopolitique de demain, celle du commerce comme des connexions.” Montpellier speech, 3 Dec. 2019: <https://www.vie-publique.fr/discours/272249-emmanuel-macron-03122019-politique-de-la-mer>

29 That importance was instantly grasped across the Channel by Bruno Tertrais, one of France’s most subtle strategic thinkers, when he described it from the perspective of his country as ‘a Trafalgar moment’. Therefore the appointment of a First Sea Lord as Chief of the Defence Staff in the person Admiral Sir Tony Radakin, the office coming to the Royal Navy for the first time in two decades, is both technically and diplomatically significant and appropriate.

30 We are relearning the lesson of the Balkans which was that Special Forces however superb are no substitute for the heavy brigades: the stiletto is not a claymore and Putin has reminded us that we need both.

31 General Lord Richards, “The West is not thinking strategically about the Ukraine war” *Daily Telegraph*, 10 June 2022 <https://www.telegraph.co.uk/world-news/2022/06/10/lord-richards-west-not-thinking-strategically-ukraine-war/>

Wars and Alliances

- **War of Spanish Succession:** with Holland, Holy Roman Empire, Savoy, Portugal, et al
- **War of Austrian Succession:** with Austria, Holland, Savoy, Saxony
- **Seven Years' War:** with Prussia
- **Revolutionary and Napoleonic Wars:** with Austria, Prussia, Russia, Spain, Portugal, Holland etc
- **Crimean War:** with France, Turkey, Sardinia
- **First World War:** with France, Russia, Belgium, Serbia, Italy, Japan, Romania, Greece, USA, et al
- **Second World War:** with France, Poland, Belgium, Holland, Greece, Russia, USA, et al

Britain has rarely felt able to go it alone – the mark of a 'superpower'. Its period of so-called 'Splendid Isolation' in the late 19th century was not a sign of invincibility, but of a withdrawal from European power politics. More typically, via international congresses through the 19th century, Concert of Europe, the post-1918 League of Nations, and then after 1945 the UN, the Council of Europe, NATO, and all the rest: it has always been an essential part of Britain's global role to try to create a favourable international environment *in which we usually held a hand upon the tiller*.

This was an important proviso made plain in Viscount Castlereagh's great State Paper of May 1820, after the Congress of Vienna. That paper from the pen of arguably our greatest Foreign Secretary proved to be a valid roadmap throughout the nineteenth century: Britain would always retain control of the terms of engagement: steering, not being steered. In Castlereagh's words, 'We shall be found in our place when actual Danger menaces the System of Europe', but Britain would not participate in a system 'intended as a Union for the Government of the World, or for the superintendence of the internal affairs of other States.'³²

Those sentences prefigure deep reasons why British participation in and under a continental system such as Monnet's European *grand projet* was unlikely to endure. They also provide a cogent argument why post-Brexit Britain should not become part of an EU-based security system, which experience shows to be a source of weakness, not strength. As Yanis Varoufakis, the former Greek minister and disillusioned Europhile, has recently commented regarding the EU's role in the Ukrainian crisis, 'Let's face it, the European Union is a figment of our imagination. We're so fragmented, we are a non-player, really.'³³ Britain's overriding interest, now as always, is to seek effective alliances, not rely on the 'sublime mysticism and nonsense' as Castlereagh dismissed the European utopianism of his own day.

Talent for Capitalising on Soft Power

From the early 18th century at least until the Second World War, Britain was widely considered a haven of liberty, a model of orderly change, an example of effective government, as well as a source of economic, social and cultural modernity. British literature, art, fashions and pastimes were copied worldwide in a wide range of activities. One example was the international acceptance of Shakespeare as a genius on a par with the Classics. Another was the widespread adoption of common law jurisprudence. In a different sphere was the global appetite for a whole range of British sports, from football to snooker.

Underlying all of this is a key source of soft power: Britain's language. English easily and happily adopts new words from its former colonies, its former enemies, and even from brand names. The flexibility of the English language reflects the British proclivity to adopt new products, new foods and most importantly new ideas. This is in stark contrast to the French, who still try to limit the use of foreign words.

³² John Bew, *Castlereagh: Enlightenment, War and Tyranny* (Quercus, 2011), pp 480-3

³³ 'Ukraine cannot win this war', *UnHerd*, 6 April 2022

English is the language of science, technology, aviation, business, banking, and finance, as well as theatre, movies and popular music. English is the most used language on social media. English is also the official language in several countries with multiple local languages. For example, South Africa has 11 official languages, but English is the parliamentary and State language.

Scarcely needing mention is the unique role of the monarchy in giving Britain an instantly recognisable and to most people highly attractive image across the globe. The Queen was shown in a 2014 opinion poll of 14,000 people in 13 countries to be the world's most admired woman.³⁴ Her Platinum Jubilee has confirmed her position as preeminent symbol of Britain and the Commonwealth, and 'the dignified part of the constitution', in Walter Bagehot's famous phrase, which 'consecrates our whole State.' As people gathered in their thousands for the days of celebration up and down the country, threaded with lit beacons, just as in their thousands they thronged the Mall, the power of public pride in and gratitude to the Monarch was irresistible and it silenced all the usual anti-monarchist suspects. The Jubilee in all its splendour was beamed around the world to audiences in the billions. No other country on earth possesses 'soft power' of such quality and reach.

This helps explain why Britain still ranks at or near the top in all assessments of soft power, and this should be cultivated. Does it matter? Absolutely. It is the marketing arm of the UK. It facilitates the export of the UK's values as well as its goods and services, underpinned by its common law system of reasoning. Though impossible to quantify, 'soft power' arguably encourages others to respond favourably to UK initiatives and even to align themselves with British policies, giving UK individuals, groups and institutions enhanced influence. Whatever the feelings of governments, it can never be a bad thing to possess the sympathies of their peoples.

LEGACY PROVIDES OPTIONS FOR BRITAIN TODAY

While the benefits of Britain's 300-year strategy and its influence on the development of world history can be viewed differently from varying perspectives, it has bequeathed a unique legacy that offers important lessons and provides breadth in strategic choices to Britain today

An obvious question - which it is unlikely we shall ever ask or answer bluntly - is whether or not, as for the last 300 years, we really want to continue to play a major world role? There is nothing inevitable about this. Would it really be so bad to be 'a greater Sweden' - the fear expressed by the Foreign Office official, Sir Con O'Neill, who negotiated our entry into the EEC? Or, as Lord Waldegrave has put it: 'Give it up! Get real! Be a medium-sized, wealthy, well run modern nation.'³⁵ However, our wide interests and responsibilities, and our long-held position as a leading State, make such a renunciation unlikely.

On the other hand, contrast us with Russia, before Putin shipwrecked that great and tragic country that was taken universally, but loosely, as a 'superpower' - albeit, with an economy smaller than Italy's. We often write ourselves off as a spent force - and risk others taking us at our own deflated self-estimation.

How different would our view of the world and of our role in it be if we thought of ourselves as a new and rising force, rather than a nation in decline? Whether post-Brexit Britain will in fact turn out to be a rising or a declining force is not determined by history or geography: it is essentially in our own hands and even more so in our minds. Diagnosing and curing the pernicious anaemia of declinism in the body politic is a prerequisite task before any others.

We have options for what role we want to play and some well-tested guidelines for how we should approach them. The next chapter explains how Brexit was a rejection of declinism and expressed a new, more confident, and positive mind-set for the nation.

³⁴ The Times (11 Jan. 2014)

³⁵ William Waldegrave, *Three Circles into One* (Mensch, 2019) p 113

II – BREXIT REJECTED DECLINISM, CALLING FOR A NEW NATIONAL MIND-SET

Britain's withdrawal from the European Union is one aspect of important changes in the global order. Global Britain has re-opened its western doors to the sea and to the wider world. Brexit means (among other things) that Britain no longer sees the EU as the solution to global challenges and that Britain is now able to chart its own course.

One of the most significant of these global changes is the long-term (and long-awaited) recovery of major Asian countries, whose recent economic dynamism is restoring them to the position within the global system that they occupied in the 18th century. By comparison, the economic and political power of Europe is receding, accelerated by the dead hand of the Brussels bureaucracies.

Britain needs to fashion a positive and confident post-Brexit global vision, in contrast to what many of Britain's elites promote, which is a timid and minimalist change conceived as a damage limitation exercise. This is an intellectual challenge such as the UK has not faced since the early 1900s.

A self-confident future for the UK requires that government rebuilds a coherent sense of national purpose based on the new mind-set expressed by the Brexit referendum. The key elements of this are:

- **Setting aside the myth of 'declinism'**
- **Accepting the right lessons from Brexit**
- **Recognising the strong global respect and goodwill toward Britain**
- **Prizing the Commonwealth as a unique international asset**
- **Capitalising on the advantages and widespread acceptance of the British legal system**
- **Rejecting the distortions of 'globalism' while embracing genuine free trade**
- **Re-establishing a cohesive national purpose building on who we are**

The remainder of this chapter elaborates on each of these elements.

SETTING ASIDE THE MYTH OF DECLINISM

The previous chapter argued in necessary detail that 'declinism' is a myth: a false narrative. The resulting mind-set has been a debilitating and even dangerous handicap for a long time. It has meant a loss of confidence and a willingness to be a supplicant - to follow others too readily in directions that do not serve our best interests. This myth remains at the core of the 'remainer/rejoiner' world-view.

In rejecting declinism, it is vital that three simple realities of the past 300 years be understood:

1. **In broad terms of power, there has been only one fundamental change over the last 300 years: the emergence of the United States as the only real superpower.** Britain remains broadly where it has been throughout this time: one of the half-dozen or so strongest States, usually the smallest, yet at the same time the most global. We have indeed risen in the league table: for the first time in our peacetime history, Britain is Western Europe's strongest military power.

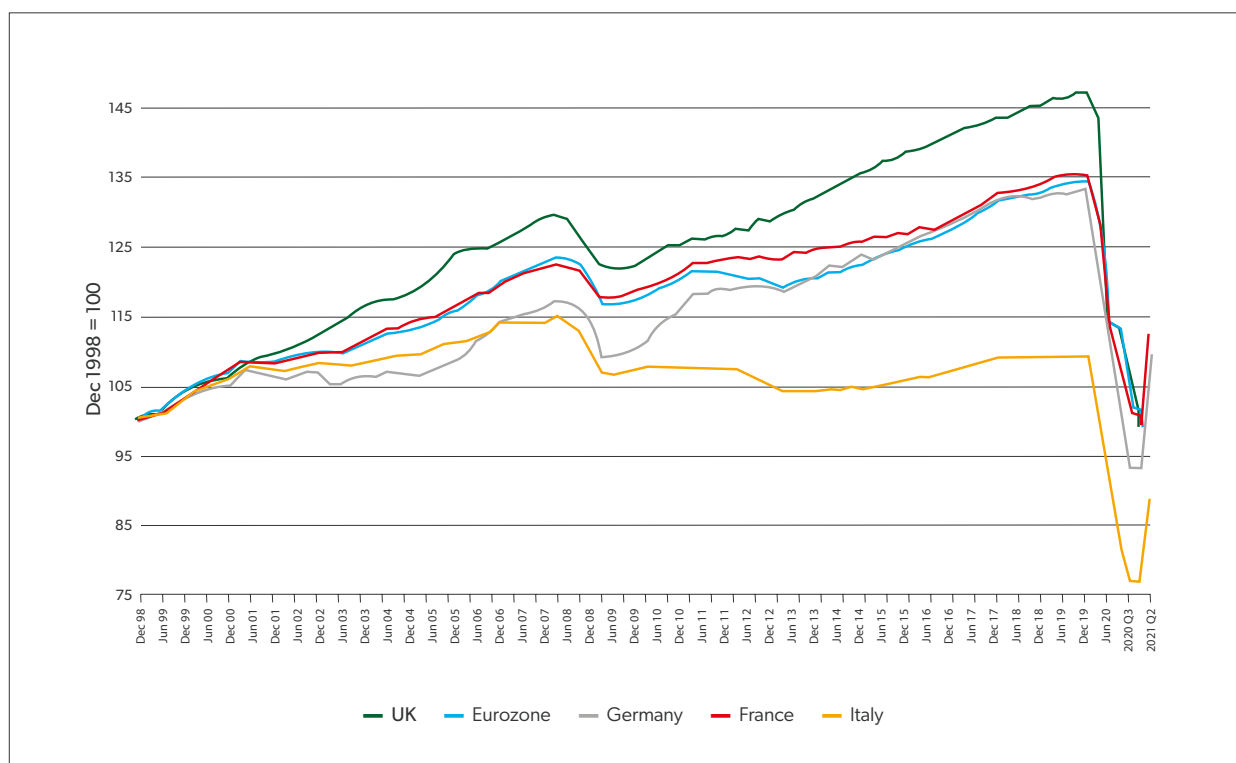
Most Powerful States Over Three Centuries

Circa 1710	2021
China	United States
India (Mughal Empire)	China
France	India
Germany (Holy Roman Empire)	Britain
Britain	Russia
Russia	France
Turkey (Ottoman Empire)	Germany

Source: SIPRI Defence Spending/Prof Robert Tombs

2. **Britain is not in economic decline.** As explained in Chapter I, this was an illusion in the 1950s and 60s, based on a misplaced comparison with a Europe benefitting from a one-off post-war boom (“les trente glorieuses”). Since the 1980s, we have tended to outperform our main neighbours. As shown below, we have continually outperformed the main Eurozone States since the 2000s.

Comparative Economic Performance, 2000-2020 (2000 = 100)



Source: OECD and Consultancy Forecasts

3. **The perception of decline seems above all based on the end of Empire:** ‘We once ruled half the world, and now we are just an insignificant country’ is a commonly heard cliché. But, as explained in the previous chapter, Imperial Britain was always at risk of and sometimes was dangerously over-stretched, making Empire a constant burden and a source of dangerous vulnerability as well as a successful experiment in collective community under the Crown, as witness the amazing present strength and vigour of the Commonwealth.

However, in rejecting the declinist myth, ‘Global Britain’ must be mindful of several historical lessons. If we are to continue to be one of the world’s most powerful and active States, a constant effort is required. We can summarise some geo-political and geo-strategic imperatives that have remained essentially unchanged for Britain over three centuries:

- **We need our islands to be as invulnerable as we can make them**—as Nelson’s very expensive and technologically advanced navy did. This multiplies the possibility of deterring others, if they know they cannot effectively hit back. Making sure that bad things do not happen is the primary moral as well as practical task of military force: in the Royal Navy’s adopted Roman motto, *si vis pacem para bellum* (if you desire peace, prepare for war). ³⁶
- **We need a strong economy and financial and legal system** - as that is the foundation of everything else. This, of course, involves creating a favourable environment for business and reinvigorating our common law system now that we are outside the EU. A rational energy policy and agriculture policy based on free trade (neither of which we currently have) are prerequisites.
- **The above two conditions require a stable, well governed and cohesive society**, willing to contribute to national security, which it has to see as serving the common interest.
- **We need allies**: rarely has Britain successfully operated alone. We were fortunate over most of our history in having reliable and ideologically similar allies, we are so today and we have to work to perpetuate this. We have tried to do so since 1939 by a novel tactic - being ‘good members of the club’ run by others: has this proved the most successful tactic? That tactic departed from the Castlereagh principles of 1820 described earlier. It ended badly.
- **We need, as in the past, to protect and foster democracy and good government elsewhere**, in our own interests as well as those of others. This too was a key axiom of Castlereagh’s Great State paper. We should develop a strategy that includes the targeted use of development aid, trade, political support and when required, which is rarely, the prudent use of armed force. But strong armed forces at all times are essential for successful deterrence. Weakness invites wars: a prime lesson of the last decades.

ACCEPTING THE RIGHT LESSONS FROM BREXIT

A clear majority – albeit a small one – of 51.9 percent (17.4 million people) voted to leave the EU in June 2016, despite heavy and well organised pressure from politicians, the media, business lobbies, and foreign politicians. It was the largest vote for anything in any British democratic exercise, ever. The majority have maintained their decision despite continuing and concerted pressure over three years after the vote. ³⁷.

That we were, and to some extent still are, a divided country is a major fact of our present political culture. That fault lies principally with a noisy minority of unreconciled Remain supporters. Media comment has emphasised the degree of division. But, the idea that a gaping cultural divide was exposed by the 2016 referendum is an exaggeration. Commitment to the EU as a federal ‘project’, was consistently lower in Britain than anywhere else.

³⁶ J. J. Blackham & G. Prins (2010) “Why things don’t happen: silent principles of national security”, *The RUSI Journal*, 155:4, 14-22, DOI: 10.1080/03071847.2010.514099

³⁷ For a summary of this episode, see Robert Tombs, *This Sovereign Isle: Britain In and Out of Europe* (Penguin, 2022)

Remain voters were little different from Leavers in their general opinions: both had similar views about the economy, inequality and social justice. Immigration was an issue that concerned both sides. Before the referendum, three quarters of the population thought it had been too high and too rapid. Even in Scotland, attitudes towards the EU were similar to those in England — somewhat negative, and lacking any ‘gut attachment to European identity’. Scottish views of immigration were similar. ³⁸

To summarise the difference: Remainers gave more weight to economic fears and individual interests; Leavers, to family, community and national ties³⁹—a reflection of David Goodhart’s distinction between those who lived ‘Anywhere’ and those rooted to ‘Somewhere’. ⁴⁰

We believe that Brexit has returned the UK to a path in both domestic and foreign policy that is more in accord with its political culture of self-government and its global interests and affinities. Therefore, the first duty of present and future governments is to follow this path whole-heartedly, and by doing so to strengthen the unity and prosperity of the UK.

Half-hearted and ambivalent measures that appear to keep Britain tied economically and politically to the EU, will prolong our domestic conflicts and encourage a ‘rejoinder’ tendency, who, led by Tony Blair, are now marshalling their plans and efforts to reverse Brexit. They have repeatedly shown themselves ready to seize on any pretext and blame any difficulty on Brexit, however implausible.

The most powerful remedy available to the Government is to ensure that Brexit is a tangible success and in light of the rejoinder plots, now finally and fully to make it unambiguously irreversible. If this is not done by the current government it will have failed in its primary promise that gained it the eighty seat majority: to ‘get Brexit done’. That this path is described as one of ‘exceptionalism’ should be embraced as a badge of honour, not presented as a cause of embarrassment or shame.

When we have clearly embarked on a strong global trading and security policy, the benefits of the Union will become clearer and separatism increasingly self-defeating. The ‘rejoinder’ stance, still espoused by some prominent politicians, will become increasingly redundant. Much remains to be done. But seizing the opportunities of Brexit is the indispensable means of ending the turmoil of the last six years and consolidating the unity of the UK.

RECOGNISING GLOBAL RESPECT AND GOOD WILL TOWARD BRITAIN

For the UK to have a global policy and role that is both well planned and well implemented, it must have a very clear perception of how the UK is regarded abroad. This requires careful analysis.

There have been two substantial subjective works on this issue over the last few years that give a very clear and positive picture of perceptions of the UK: the first by the British Council in 2014 and the second by the Portland Consultancy, which has assessed the soft power of 30 countries including the UK. A third, using a formula-based assessment of geo-strategic power has been run through several cycles by the Henry Jackson Society and now by the Centre for Geopolitics in Cambridge.

38 John Curtice, ‘How deeply does Britain’s Euroscepticism run?’ NatCen Social Research (2016) p 7; John Lloyd, *Should Auld Acquaintance Be Forgotten: The Great Mistake of Scottish Independence* (Polity, 2020) pp 8, 25

39 See Harold D. Clarke, Matthew Goodwin and Paul Whitely, *Brexit: Why Britain Voted to Leave the European Union* (Cambridge University Press, 2017) p 157

40 David Goodhart, *The Road to Somewhere: The Populist Revolt and the Future of Politics* (Hurst, 2017) p 118

- **British Council polling showed that in two specific areas the UK is highly regarded: culture and education.** For example, British musicians—contemporary musicians in particular—have a significant influence on young people throughout the world. They make a major contribution to a positive reputation for the country.

Equally, British Council polling showed that British educational institutions, particularly universities, are held in very high regard. The British themselves are seen internationally as being highly educated people, at least by the standards of the rest of the world. The British Council also established that the British people are widely seen as polite and the country is well regarded for its democratic institutions.

The British Council places emphasis on the UK's tradition of democratic institutions and its reputation for an impartial legal system. Indeed, the impartiality and professionalism of the British legal system is seen as one of the keys to its economic and international success.

- **The Portland analysis shows very similar results.** The latest (and its last) report on soft power placed the UK second out of 30 countries in terms of soft power. According to the Portland analysis, which is based both on anecdotal evidence and polling, as with the British Council report, the UK is highly regarded for its arts and sports. It also scores highly in terms of the quality of its performing arts and creative media.

The UK is also seen as one of the world's two greatest financial centres but also a source of research and innovation, all of which are empirically true. Portland says the UK is not only a strong and stable democracy but a country with an effective legal system.

These two reports are not, of course, incontestable and nor are they uncritical. They do suggest some weaknesses in terms of international perceptions of the UK. But overall, there is no doubt that these reports - reinforced by anecdotal evidence from around the world - indicate a positive international image for the UK. There are several reasons for this:

- **UK armed forces are seen globally in a very positive light.** Not only is the UK a power that possesses an independent nuclear deterrent but it is also seen as one of very few countries that has a force projection capability. The reach of the Royal Navy and the capacity of both it and the RAF to move troops and equipment to distant locations is a capacity very few countries can match. In Europe, only France has any force projection capability at all and it is more limited than the UK's. Only the US Marine Corps and HM Royal Marines have the past experience, doctrine and muscle memory to conduct opposed amphibious landings safely, the most complex of all military operations.

The British armed forces are highly professional. The strength of armed forces is not something frequently discussed in the media although the recent success of HM Royal Marines against the USMC in training exercises did cut through. There is no doubt that the perception of a strong and effective military is important to the UK's global image.

Recent training and support given to Ukraine has clearly enhanced Britain's image, and that of its armed forces, as well as transforming the Ukrainian Army from a Soviet to a flexible British 'mission command' culture that has greatly improved its fighting power.

- **The UK diplomatic service also has a substantial reputation.** As a permanent member of the UN Security Council, the UK has substantial diplomatic status equalled by only four other countries. The UK plays a particular role on the Security Council drafting many of its resolutions. It is playing a leading role in the transformation of the entire UN system that has been forced by the aggression of one of the veto-wielding members of the Security Council.

More broadly, British diplomats are held to be excellent networkers and advocates who are able to exercise disproportionate influence. Unfortunately, it must be admitted (see Chapter IX) that, for some time, the FCDO has been a principal seat of 'declinism' and recently seems to have become disproportionately focused on such issues as 'diversity, equity and inclusion' which has affected its recruiting and personnel development practices, undermining the FCDO's ability to carry out its core mission. This must be eliminated.

- **In most former British colonies and dominions, the UK is held in high regard.** Although Britain's Imperial legacy is decried in some quarters in the UK, the reputation of and affection for the UK in countries that were once part of the British Empire are striking. What is heard in the real world is that:
 - British institutions are respected, in particular its legal and parliamentary systems
 - Its education system is admired and substantially used by citizens of former colonies and dominions and its values are seen to be liberal and decent.
 - In terms of the behaviour of British colonists prior to independence, there are mixed views depending very much on the position of the observer. In some countries, there were, of course, intellectuals who resented colonialism. But the historical evidence is that most did not see British rule as having been brutal or harsh and many regretted the loss of rule of law and the impartial administration of justice.

Within the UK it is fashionable to talk down the influence of the country, to project it as a country in decline and to suggest there are many who nostalgically dream of some glorious past. This is not the way the world perceives the UK and it is important to understand and to accept that. Sometimes the British figure negatively in the nationalist mythologies of many countries. But more generally, the balance is strongly favourable, strange as this may seem to the ideologues of 'decolonisation'.

PRIZING THE UNIQUE ASSET OF THE COMMONWEALTH

The Commonwealth celebrates the fact that fifty-four countries – nearly all settled or governed by the British Empire – retain shared cultural and linguistic ties. It has played a consistently undervalued and under-appreciated role in Britain's external relations, which will now be more important after Brexit.

The Blair Government regarded the Commonwealth as a relic but luckily Her Majesty the Queen has preserved and strengthened it. It is agile and strong today and has accepted members who had no historical connection with British colonial rule - Rwanda and Mozambique - but who simply wish to belong.

This favourable legacy of Empire is important to acknowledge, for it helps give the UK a degree of influence of soft power in countries that were once part of that Empire. Furthermore, the Commonwealth has huge potential for the projection of British influence in the world. Feelings of affection aside, Britain enjoys huge tangible advantages.

- **The use of English as the first world language provides incalculable practical benefits**, and encourages openness to the wider world. This too is a consequence of a long history of contact round the globe, and of an eagerness to trade freely.

- **International use of evolutionary common law legal principles — one of ‘the two great systems of jurisprudence known to the world** - by which a third of the people of the earth were governed and protected.’⁴¹ Despite or perhaps because of its practical origins in the royal courts of the 12th century, it has developed the most practical and (alongside New York law, another common law system derived from ours) the preferred system for regulating modern commercial contracts worldwide,⁴² providing legal predictability, especially concerning evolving technologies. As trade moves from homogenous commodities to goods with imbedded services or pure services, a common language and legal system become prerequisites for increased trade
- **Two and a half times more British citizens live in the ‘Anglosphere’ than in Europe**—a clear demonstration of affinity.⁴³

The Commonwealth today is unique among international organizations in that it is not based on technocratic international bureaucracies but in the very fabric of the societies that compose it; more strongly based among the peoples than among the political classes.

In this regard, support for the Commonwealth in the UK resembles that similar cultural divide between the Remainers and the Leavers that now runs through every cultural battle in the country. In David Goodhart’s terms, in contrast to the desiccated ‘Anywhere’ cosmopolitans who worshipped and now mourn at an ideal of a ‘European Union’ abstracted from the reality of its advancing alienation from the peoples of Europe, pro-Commonwealth people are much more ‘somewhere’ people.

The ties that bind the peoples of the Commonwealth are both older and more numerous than those that ever bound Great Britain into the EU ‘project of union’. These are shared common law, shared models of Westminster parliamentary democracy (albeit often with a written rather than unwritten constitution), shared valuing of habits of civilised debate over revolutionary ardour, of practical rather than theoretical reasoning about real world matters, and the genius of reinvention. These attributes are reflected in the common law. There are also myriad ties of ‘family’ that bind.

The Commonwealth is much more than politics. It is the sense of instantly if indefinably feeling at home in each other’s lands; of the smells of shared, fusion cuisines, shared passions for cricket and rugby, of the Commonwealth Games, of the Duke of Edinburgh’s Award Scheme. But it is also a more sombre shared heritage of Commonwealth War Graves across the globe, present witness to the sacrifices of two world wars in which the Empire stood together to fight and prevail against evil.⁴⁴ The Commonwealth is therefore a richly imagined multi-racial community united by what one Indian writer arrestingly described as ‘blood of the mind’.⁴⁵ In short, the Commonwealth is a shared asset of immense value that should be placed at the very centre of Global Britain’s newly reinvigorated stance.

What is the common denominator and the moral of all these examples from chicken tikka masala to combined and joint military operations? It is the presence of a level of mutual understanding, shared values and of the resultant trust that is unique in current international organisations. The Commonwealth answers in practice and in detail Rousseau’s question that the EU so conspicuously fails to answer in similar terms: what is the hardest achievement in politics? To exercise legitimated power. We hold in our hands thick skeins of entwined common values and mutual respect and trust; and that we do so is one of the country’s greatest debts of gratitude to Her Majesty and the late Prince Philip in her Platinum Jubilee year. What the political class needs now is a sufficient fraction of her optimism and ambition for her country to put them to work.

41 J.H. Baker, *An Introduction to English Legal History* (Butterworth, 2002) pp 28-9

42 See eg. Oxera, *The Economic Value of English Law*, LegalUK, October 2021: [The-value-of-English-law-to-the-UK-economy.pdf](https://legaluk.org/the-value-of-english-law-to-the-uk-economy.pdf) (legaluk.org)

43 D. Srisankarajah and C. Drew, ‘Brits Abroad: Mapping the scale and nature of British emigration’ IPPR, 2016

44 It was an unpardonable act of self-harm for the Commonwealth War Graves Commission to allow a sloppy report to be published wrongly accusing its founders of racism. See Nigel Biggar, ‘How racist was the British Empire’ <https://historyreclaimed.co.uk/how-racist-was-the-british-empire/>

45 Madhav Das Nalapat, ‘India and the Anglosphere’, *The New Criterion*, 29(5), 2011

Since its inaugural meeting in Singapore in 1971, Commonwealth Heads of Government Meeting's (CHOGM) have attempted to orchestrate common policies on contentious issues affecting member nations. To the extent that CHOGMs and the Commonwealth Forum features in the Government's post-Brexit thinking, is a consequence largely of Queen Elizabeth's indefatigable work in promoting it. The seemingly Chinese-backed 'republicanism' in parts of the Caribbean are a back-handed compliment to the Commonwealth's value. The perverse self-flagellating false narrative of apology for Empire that is used by some to silence us should be recognised for what it is and forcefully countered.

Such a proper valuing and promotion of the Commonwealth within post-Brexit British diplomacy and security, would be the gift which Her Majesty would most probably value from her people for her Platinum Jubilee.

CAPITALISING ON THE BRITISH LEGAL SYSTEM

There are two key legal elements to appreciate in order to make Brexit successful:

- **The harm acquiescing to the EU's codified legal system has and is causing to the UK**
- **The opportunities afforded by the promotion of British common law internationally**

Moving Away From EU Codified Law

The failure in economic analysis that led to our abortive membership of the EU was accompanied by a failure to understand the unique value and importance to us of our legal system and its methods. The assumption was that the assimilation of the UK's legal scheme into a new one, formulated centrally using the predominantly code-based civil law methods of nineteenth century France and Germany, would merely provide a modified (and relatively neutral) legal platform to use as the basis for political argument and collective decision-making between the three main powers, the UK, Germany and France. The political calculus was then that somehow the UK could play a key role in shaping the evolving fundamentals of the Community (later Union), according to future political and economic winds. That was a highly consequential failure of analysis.

The use of the code-based approach has meant that the politicised, top-down methods of continental reasoning were embedded in the EU from the start. The UK was not only ill-equipped to deal with these matters but was faced with two partners, Germany and France, for whom the EU system represented an extension of their own, and whose thinking and methods fitted seamlessly within the overall construct. The result was that the UK's impact was not always as strong as it should have been, leaving many in the UK with an enhanced sense of the undemocratic nature of the EU. Not only that, even the most intelligent observers in the UK had no comprehension of these matters and would have sided with French and German intellectuals in resisting any attempt to revise the legal methodology, had the EU model been capable of being revised.

One key difference in method that goes to the heart of our system is the (disguised) ability for civil law judges to make political choices when, under the code-based scheme, their role purportedly involves the mechanical application of the law. In the case of the EU and its code-based approach, judicial discretion is often exercised by looking to the purposes of the provisions, which is largely a political exercise given a general lack of evidence as to the legislators' original intentions. The judges tend to apply what they take to be the objectives of EU law itself, as seen from a federal EU perspective; and in doing so they exercise (barely fettered) discretionary power.

However, this does not amount to a dispersal of power, since their mission is to buttress the political intentions of the lawmakers. The EU's "purposes" have been taken to include the propagation of matters such as ever-closer union, the single market and the papering over of the cracks of the half-built Eurozone arrangements. In this way, the judges provide political glue for the code-based approach, buttressing the intentions of the codifiers in a manner which many of our jurists have found difficult to acknowledge or even comprehend.

Sir Con O'Neill, the UK's negotiator for entry to the EEC, a precursor to the EU, stated that "[t]he fundamental novelty of the Monnet concept and the EC as an international organisation is its basis in Treaty, and Law, and legal obligation – something to which we in this country, unfortunately I think, are exceptionally averse and allergic".⁴⁶ Yet, despite identifying this fact and nevertheless proceeding, there was little appreciation in the UK of the significance of the alien legal techniques being used.

Thus, the assumption that the UK had no option, economically, but to join, and the poor understanding of the methodological implications of what was being agreed, represented a significant intellectual failure, the implications of which were initially underrated and then resented. Ironically, both mistakes were repeated on the way out of the EU.⁴⁷

Moreover, the code-based legal methods of the EU are at odds with our tradition for respecting freedom, which, if applied in full, demonstrably unleashes levels of innovation (particularly in regulated sectors) and entrepreneurialism that are unmatched.⁴⁸ EU law and its methods have held us back.

We need to return to the principles of common law in new aspects of our lives as we break from the code-based mentality of the EU. This will help shape our necessary reform of regulations and laws as well as guiding us back to our earlier concept of individual freedom. It is notable that the Covid vaccine innovations arose in largely unregulated spheres. The EU's legal scheme provides an unwelcoming environment.⁴⁹ Therefore, the second requirement - unambiguous irreversibility of Brexit – should be a top priority.

Seizing International Opportunities

The ways in which the UK will profit from employing the methods of the common law internationally include:

- The fact that the common law respects liberty, both individual and commercial
- Common law countries tend to be more amenable to trade deals, since they already accept a freer set of commercial arrangements within their own jurisdiction
- The ability to export our standards is easier when we seek to achieve consensus with countries who regard the discussions as being limited to the setting of standards for free trade, rather than seeking to control the market through politically-driven code-based law
- Given its diversification of power (between the legislature and the judges) common law systems are less susceptible to political misuse, in contrast to code-based systems such as that of the EU. For instance, the EU's arrangements for the Eurozone create huge financial risk, whose implications have not been discussed, democratically or otherwise, within the EU

⁴⁶ See the interview with Sir Con O'Neill, among other key protagonists, in Michael Charlton, *The Price of Victory*, BBC, 1983, pages 105-106, at 106.

⁴⁷ The Treasury's economic analysis for a post-Brexit UK suggested catastrophe if no trade deal were reached with the EU after the UK's departure from the EU's treaty arrangements. The analysis was seriously flawed, but it was used as justification by the May Government in seeking to accept EU law and jurisdiction over customs and other matters in return for what it regarded as favourable trade access. This was despite the fact that the EU's trade policy is inherently mercantilist in nature, in that it uses its (Member State) economies to augment its federal power at the expense of other (non-EU) countries (in contrast to the UK's traditional free trade philosophy); and the proposed arrangements would have meant acceding to the EU's code-based top-down methods, and thinking, in perpetuity.

⁴⁸ See eg A. Chander, *How Law Made Silicon Valley* (2014) 63 Emory L Journal 639, who observes that "[j]ust as nineteenth-century American judges altered the common law in order to subsidise industrial development, American judges and legislators altered the law at the turn of the Millennium to promote the development of Internet enterprise." Chander relates an anecdote involving Google's Larry Page and Sergey Brin, who noted that US law afforded significant flexibility, particularly in the area of intellectual property law, to their business. Such flexibility apparently could not at the time be found elsewhere to the same degree as in the US.

⁴⁹ See eg *Restoring UK Law*, Annex 2, section 1, for a discussion of the commercially dampening effects of the EU's General Data Protection Regulation 2016/679.

REJECTING DISTORTED 'GLOBALIST' DOGMA BUT EMBRACING GENUINE FREE TRADE

At the end of the Cold War, successive British governments along with western political, business, academic and media elites welcomed globalisation as an immutable, desirable economic and political force. However, having begun as a sensible economic notion based on free trade and the free movement of capital and labour, globalisation has evolved into a politicised global governance structure that seeks to superimpose higher powers on nation-states, thus sapping their sovereignty.

A Sensible Economic Notion Conceived 40 Years Ago

Globalisation as an economic phenomenon based on free trade and the free movement of capital and labour, began with the deregulatory market reforms of the 1980s during the premiership of Margaret Thatcher and the Presidency of Ronald Reagan. Its roots were based on Ricardo's notion of comparative advantage and free trade – economic concepts that have served the world well.

In 2002, Prime Minister Tony Blair, an enthusiastic champion of the new liberal international order, proclaimed that the 'struggle for world hegemony by political ideology' had come to an end. Globalisation, however, was not necessarily democracy's friend. As the sociologist Ernest Gellner presciently remarked: "the deadly angel that spelt death to economic inefficiency is not always at the service of liberty". Though the angel of efficiency, via the evolution of global supply chains, occasionally may have offered liberty some hopeful prospects, it was never at her command.

Nor did regulation release innovation. It rarely does. As a rule of thumb, most public goods are worse managed under State control because of the resulting spawning of cartel bureaucracy. The National Health Service is a case in point, in which central administration and associated costs doubled during the pandemic. Fortunately Royal Marine General Sir Gordon Messenger has been appointed to make a long-overdue review of why the NHS is so expensive and delivers clinical outcomes so poorly in international comparison with other 'free at the point of use' health delivery models.

Morphing into Dogma

So far as British foreign policy was concerned, this utopian vision involved a number of presuppositions; principally, that who makes the law, and how it is made, does not matter and can be sacrificed for other interests.

This in turn forced a further subordination of UK thinking to that of the EU, with the UK seeing its interests as involving making committee-based arguments under alien structures over which it had only limited control. National security and monetary concerns, still outside the EU scheme (because the UK had not joined the Euro project), remained core issues, and were seen as best served by working with allies and partners - particularly the US - but also through ever-closer union, within the structures of the EU. Consequently, both the Blair and Cameron governments between 1997 and 2016 embraced a *dirigiste* project to 'modernise' – meaning often bringing into alignment with EU norms - British institutions through programmes of global justice, multiculturalism, overseas aid without strings (on a presumption the values would export themselves), and regular bouts of armed interventionism, largely to back up US interests.

Britain's Eurocentric Role

It was taken for granted that Britain's overriding geostrategic interests centred on the stability of the European continent. This was a priority of British security policy for much of the later twentieth century. The precept itself rested on the contention that Britain (with those powers remaining to it) played a pivotal role in the Euro-Atlantic System. In this respect, Britain's capacity to function as a transatlantic bridge between Western Europe and the United States, most notably in its NATO role, gave a particular form to its foreign policy and the experience of being in the EU imbued its diplomats with 'learned helplessness'.

Yet, paradoxically, from the 1990s, the region East of Suez—abandoned in 1968—assumed a growing importance for British economic and security interests, while the Indo-Pacific region (formerly, the Asia-Pacific), presented the UK (and the European Union) with economic and investment opportunities.

Developing and developed States in this new dispensation would, it was assumed, respect 'shared spaces' like the South China Sea. Under this optic, Communist China was a 'developing country' and incongruously was in receipt of DfID aid almost up to the abolition of that department. In fact the main vehicle of British influence on the PRC was Hong Kong as a beacon of democracy, common law, and liberty in the Chinese world. Yet under 'declinist' beliefs then dominant in the Foreign Office, without legal requirement and against the will of most islanders—the government hastened to give up Hong Kong island as well as the New Territories in return for promises from Beijing that have since been entirely trampled.

National unity appeared anachronistic as the UK's military and diplomatic power was cut back, or dissolved into what the fashionable European critical theorist, Jürgen Habermas, termed a 'post-national constellation'. The two main disciplines that had been overlooked in deciding to join the EU, law and economics, continued to be mis-assessed and misunderstood. Alternative paths for the UK were closed out by the UK's elite, with a lack of curiosity in even exploring whether their assumptions were false.

Undermined by Global Crises

However, a series of events conspired to overthrow this latest manifestation of history that saw the world as steadily progressing toward a fully enlightened post-national terminus.

- **The intractable wars waged in Afghanistan and Iraq brought out unanticipated domestic and global repercussions.** The attraction and persistence of political religions, notably Islam, shook the prevailing progressive faith that there were, in Francis Fukuyama's words, 'no viable alternatives to liberal democracy'.
- **The financial crisis of 2008 and its aftermath further shattered confidence in the notion that the globalisation of markets and industrial production would deliver wealth to all who experienced its borderless blessings.** What it did appear to deliver were cheap imported goods from China, de-industrialisation of large parts of the West, and ever-growing income disparities between those at the very top and everyone else.
- **The penultimate disillusion with the borderless future of globalisation came in the form of the Covid-19 pandemic of 2020.** The pandemic dealt a body blow to the political and economic forces moving the world towards a single, borderless, political order governed by enlightened post-national constellations like the United Nations, the EU, the World Trade Organization (WTO), the World Health Organisation (WHO) and the International Monetary Fund (IMF), and devaluing the disciplines and benefits of national governance. The imposition of severe border controls, the collapse of international trade and a global recession in an 'every nation-state for itself' rush to protect its own citizens – not the citizens of the world – from the virus questioned the ultimate sustainability of the liberal international order. Meanwhile, in the EU, national interests showed themselves openly, with France and then Germany taking swipes at the UK's Oxford vaccine, purportedly on scientific grounds, in order to push their own vaccines (Germany) or hold the UK back (France).

- **The weaknesses in the entire approach became inescapably obvious with the feeble EU response to Russia's invasion of Ukraine – the latest disillusion.** Furthermore, China worked tirelessly to assemble majority constituencies in the UN General Assembly which have given it or its proxies' control of many of the major acronymic institutions, thereby hastening the close of the UN era presaged in the failure of the Annan Reform proposals for the composition of the Security Council. All these tendencies were brought to a climax by Putin's war. The UN now faces its existential moment, as President Zelensky told the Security Council in his speech of 5 April: *'Reinvent yourself to expel, control and sanction Russian for the crime of aggression or dissolve yourself.'*⁵⁰

As this new post-Brexit reality dawned, it no longer seemed economically or strategically intelligent to be dependent on the global supply chain for the production of pharmaceuticals, medical equipment and drugs from China, let alone upon mass migration and the free movement of people for cheap labour. The ruthless suppression of freedoms in Hong Kong and the contemptuous overturning of the solemn agreements made at the transfer in 1997 followed unveiling of Xi Jinping's "China Dream" of world domination by mid-century. This was accompanied by a succession of threats to the Taiwanese, which all together brought an abrupt end to the fallacious belief that permitting the PRC's entry to the WTO would somehow bring about its political liberalisation.

These crises and developments demonstrated that globalization had neither helped prevent them nor aided their resolution.

Embracing Genuine Free Trade

The benefits of global free trade are substantial. Examining the options open for industrial strategy, free trade and free trade agreements suggests that some version of the FTA model offers the UK an environment to enjoy (lower) global market prices rather than the regulation-dominant environment of the EU. In this context, the fact that English is the language of international trade and business and that the UK can draw upon its Anglospheric connections with the US, India, Singapore and Australia means that the UK already enjoys an advantage in dealing on a global rather than a regional basis.

Britain became powerful through trade – albeit through its imports, not its exports. The British adventurers, privateers and trading companies searched the world for exotic foods, drugs and raw materials to sell in the UK - importing tea, coffee, sugar, tobacco, cocoa, quinine, potatoes, rubber, wine, raw cotton, wool, furs, timber and high-grade ores. Exports primarily served as ballast in ships and to get around the lack of an acceptable international currency. Later, Britain used its colonies to produce these goods commercially as raw material for British industries and the British pound became the internationally accepted currency.

Britain's trade is now centred on services: financial services, businesses services, legal services, insurance, advertising, music, films and television programs. No need for ships, or ballast, and with the US dollar as the world's currency, there is no need for barter either. With the growth of trade in services, the distance between trading partners is irrelevant. Instead, a common language, business regulations or legal system are necessary requirements for many service exports.

Remainers/rejoiners try hard to convince anyone who will listen that trade is most effective between close neighbours, such as EU countries. But a glance at UK trading statistics shows that the UK's largest single destination country for UK exported goods is the US, while the UK's largest importing country is China. Neither would be considered to be close neighbours. While collectively EU imports/exports is larger than China/US, the combined EU statistic disguises the fact that it is made up of a diverse group of

⁵⁰ <https://www.president.gov.ua/en/news/vistup-prezidenta-ukrayini-na-zasidanni-radi-bezpeki-oon-74121>

heterogeneous products the volume of which varies markedly from Member State to Member State. No single Member State tops the list. With the world's largest cargo ships now holding just under 24,000, 20 foot containers, it can be both cheaper and have lower emissions to transport goods from the other side of the ocean than to transport them in a fleet of trucks across Europe.

Brexit, therefore, offers significant free trade opportunities for a flexible and sovereign market State provided that UK trade negotiators can overcome their mercantilist instincts inherited from the EU and accept that the major gains from free trade stems from lower cost/higher quality imports, rather than from just increased exports. Brexit also means the UK can free its economy from the regulatory restrictions and layers of bureaucracy that rendered any trade deal an interminable process.

Politics, however, as Bew and Elefeteriou maintain, is about 'perception and momentum'. A strategically aligned trade policy requires the necessary awareness to seize new opportunities whilst prioritizing quality over quantity, and the long over the short-term. The UK is currently working inconclusively on a trade deal with the US and has concluded a problematic one with the EU. It has also concluded Free Trade Agreements (FTAs) with Japan, Australia, and New Zealand. It is negotiating an FTA with India; re-negotiating the trade deal with Canada inherited from the EU, and has begun negotiations to enter the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) as part of a strategic pivoting to the Indo-Pacific.

However, a key problem is dealing with countries that do not subscribe to the norms of free trade or engage in unfair state-mediated market manipulation to gain dominant sway. Trade and investment with friendly powers is one thing; it is much more questionable with hostile powers such as China. It ought to be clear by now that the decision to allow the PRC to enter the WTO was a geo-strategic error of the first magnitude. Yet the temptations to turn a blind eye were legion, not least pecuniary.

China has lowered its average import tariffs on industrial and agricultural goods below those of many developed nations (eg, the EU and UK) and has eliminated export taxes and export subsidies for agricultural goods. However, these are not driven by efforts to comply with WTO rules but rather reflect China's reliance on imported food, raw materials and industrial parts and exports few agricultural goods. Much of China's industries are now assembly lines and China's biggest import suppliers by value is Taiwan, followed by South Korea and Japan. And, China has developed its economy by building up its export markets.

However, China's actions are not primarily about tariffs but about avoiding international control over Chinese industries. China has continued to self-designate as a 'developing nation', despite being the world's second largest economy. Retaining Developing Nation⁵¹ status allows China to bypass other WTO rules including restricting imports in order to promote or protect local industries, as well as subsidising their local producers and their substantial high-seas fishing fleet.⁵²

With the unveiling of Xi Jinping's 'China Dream' in 2012, no-one can say that they have not been warned. Colonel Liu Mingfu's 'China Dream' book is a blueprint for PRC attainment of global dominance and contains a chapter examining Russia's mistakes and the reasons why China will not repeat them.⁵³

51 WTO | Development - Special and differential treatment provisions

52 <https://www.ft.com/content/6f74e83a-6afe-11e8-8cf3-0c230fa67aec>

53 Liu Mingfu, *The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era* 30 May 2015

III – STRENGTHENING CRITICALLY IMPORTANT LINKS TO THE US

The United States is self-evidently Britain's most important partner in terms of its commanding power, deep cultural ties, and economic importance. Yet, the relationship is not always easy. Aphorisms like, "Two great countries separated by a common language" abound and, indeed, contain a grain of truth. Arguably, the term, 'Special Relationship' has done more harm than good at times – perhaps, today being one of those times.

However, the reality is that the United States and the UK need and must rely on each other. How can this be achieved?

This paper argues that it is the deep network of institutional relationships and cultural ties that have supported the unique US-UK relationship over the years. It follows that maintaining and expanding these connections is the key to sustaining the relationship – regardless of who the respective leaders may be at any moment.

RECOGNISE PRIME IMPORTANCE OF THE US AND ANGLO-AMERICAN LINKS

The UK faced a crucial decision at the end of the Second World War. It could try to stand apart from both the US and the USSR, rely on the resources of the Empire to rebuild Britain, and establish the Sterling Zone as a self-sufficient world power. Or it could cooperate with the US in building up a Western alliance against the USSR.

The post-war Labour government of Clement Attlee concluded that the UK, as a great trading and food importing democracy that depended on the maintenance of a free and open world economy, could not stand apart from the US, which alone had the power to defend that economy from the Soviet threat. It therefore helped to build NATO and joined GATT, while seeking to defend its sovereignty from the initial stirrings of European integration and to remain a great power.

This was the decisive decision in modern British history, and it was the correct decision. Moreover, the policy that Labour chose in the late 1940s, which was endorsed by Winston Churchill's Conservative Party when it returned to power in 1951, remains the correct policy for Britain today. Then as now, only the USA has the power to defend the fundamental British interest in a free and open world order, which is also an American interest. The Special Relationship is a reality not because of sentiment, but because of shared interests.

Of course, the UK and the US will not always agree. It is foolish to expect any two great sovereign democracies, with intermingled but different traditions, to agree all the time. The Suez Crisis, Britain's non-participation in Vietnam, and the US liberation of Grenada will spring immediately to mind as moments of tension. Yet alliances must be judged not against an abstract standard of perfection, but against the real performance of alliances in the world as it is. By that standard, the UK-US alliance has been remarkably successful, as divergences – whether over Suez, or Vietnam, or Israel, or Grenada – have invariably been followed by reconciliation, and by a realization that the other nation was at least partly in the right.

In an uncertain world, our ties with the US are therefore fundamental. The US will remain the dominant world power as far as we can see into the future and we share central interests and values. Whilst its interests do not always coincide with ours, they often do so and, more and, more fundamentally the US shares our common law techniques of governance and reasoning. These commonalities of values and legal thinking transcend differences and mean we can achieve things with the US that are far harder to achieve with allies who operate code-based civil law systems. The question we face is not whether to turn first to the US, but how we can best understand and make use of our relationship.

INSTITUTIONS MATTER MORE THAN PERSONALITIES

We should start by recognizing that we – and, in particular, our media – place too much emphasis on the personalities of the President and Prime Minister. It is of course desirable to have national leaders who like and appreciate each other personally, as Churchill liked Roosevelt and Reagan liked Thatcher. But the strength of the ‘Special Relationship’ – indeed, what makes it ‘special’ – rests not in friendship at the top, but the ‘thickness’ of the relationship in every walk of life. The Special Relationship is like a great iceberg: the part we see is the high politics of it, but the 90 percent that is below the water, out of sight, is what gives the iceberg its strength and stability.

The UK and the USA trade a lot in visible goods. Wall Street and the City are competitors, but also colleagues. Many law firms are now effectively trans-Atlantic. Americans love to visit Britain, and we not only love to tour the US, but many of us retire there. We consume enormous amounts of US popular culture, and our popular culture – from Downton Abbey to the Great British Bake Off – attracts viewers in the US. We watch a lot of news about the US (perhaps too much), and while the US watches less about us, the House of Commons is the only foreign legislature that US news outlets cover regularly, and the Premier League’s scores are often the only, foreign scores reported on American sports broadcasts.

The depth and breadth of the Anglo-American relationship is unparalleled. It’s common to remark on the complete interoperability of our defence, intelligence, and security institutions. But that closeness is paralleled in many other fields, including education. And then, of course, there is our mostly-shared common language of English, and our historical connections – including the vital fact that the US was founded in part to preserve values that the Founding Fathers of the US believed had faded under the renewed strength of the 18th century monarchy. Whether or not this was the case is less important than the fact that, though our political institutions are different, they exist to protect the same virtues of the freedom of the citizen, of faith, and of the economy from overweening government control.

The US has close connections with many other countries – but usually only in one or two areas. Americans sell a lot to Germany, but German popular culture has no appeal in the US. Americans eat a great deal of Mexican food, but the defence and security connections between the US and Mexico are weak. Japan is a vital US trading and security partner, but their educational partnership is limited at best. The same could be said of the US’s relations with every country in the world. It could also be said of the UK’s relations. Lots of countries are important to both of us – but neither of us has another bilateral relationship that is as deep and broad as it is with each other. The Anglo-American iceberg is big above the waterline. Below the waterline, it is enormous.

We should see the US’ enduring ties with the UK as part of Washington’s recognition that, like us, it needs strong allies. It would not have won its independence from Britain without an alliance with France. The US would have had difficulty making its contributions to the First World War, and even more so the Second World War, without the UK. During the Cold War, the US’ biggest complaint was often that its allies were

not doing enough. With the rise of China, the US is in the same position as the UK over 120 years ago: facing a variety of powerful and widely-separated enemies. Like the UK did then, the US now needs allies more than ever. We should see AUKUS as part of the US recognition of this fact, as well as, of course, a reflection of the reality that the other countries of the English-speaking world are the best allies of the US and the UK.

We are sometimes inclined to fear that our ties with the US will diminish with the fading of the memory of the Second World War, or with the rise of ethnic diversity in the US. But World War II ended 77 years ago. With the sole exception of Her Majesty the Queen, no significant figure on either side of the Atlantic came of age during the war. And the US has been a very diverse place for a long time: the Roosevelts, for example, were of Dutch not British heritage. If the many connections between the UK and the US endure and are built upon, any issues related to the US's (or for that matter, the UK's) diversity are manageable. If those connections fade or weaken, then so will the relationship. The single greatest threat to our ties to the US derive not from any of these developments, but from the US's own internal conflicts, which weaken its resolve and ability to play a leading role in the world, and which are spawned by efforts to destroy the concept of American citizenship by replacing it with racial, gender, or sexual identities. The ideas behind these concepts weaken the US as well as the democratic (and particularly the Anglophone) world.

For decades after 1776, the US was the greater barrier to closer UK-US ties. But today, there is little if any resentment of the UK as such in the US. The UK regularly comes in second — behind only Canada — in polls of which foreign nations Americans like best. No one in the US campaigns on an anti-British platform. There are no boycotts or national campaigns against British goods in the US. There is a great deal of ignorance in the US about the Commonwealth (as there is in the UK itself), but there is no resentment of it. The dislike of the UK that some Democratic politicians evince of the UK is based on their distorted views of the Good Friday Agreement - which they see as being entirely about empowering Irish nationalists, instead of satisfying both communities in Northern Ireland - and has not led to wider Anglophobic campaigns.

Today, for the first time ever, the UK is a greater barrier to closer UK-US ties than the US. There is active anti-American sentiment in the UK, mostly on the left, but also on the right. Politicians do position themselves against the US, and there are national campaigns against the import of American food. The UK certainly does need to push back far more effectively than it has done to date against the misunderstandings of the Good Friday Agreement. But it also, and far more urgently, needs to push back effectively against the reflexive anti-Americanism of mainstream newspapers like *The Guardian* and the campaigns against freer trade with the US. There is no doubt that today, anti-Americanism is more powerful in the UK than Anglophobia is in the US. As with the US's past resentment of the UK for being the world's dominant power, this British resentment is understandable. But that does not make it right, or helpful.

Conservatives in the UK are on occasion inclined to remember and resent the US's antipathy to the British Empire and Commonwealth, and its role in pushing the UK into the EEC. Some of these resentments are simply incorrect. Far from refusing to help the UK financially after 1945, the US extended a massive dollar loan to the UK, and gave it 40 percent more Marshall Plan aid than it gave to Germany. The fact that the UK largely wasted this Marshall aid was not the fault of the US.

But many of the UK's other resentments have more foundation: the US did, for example, very much dislike the system of Imperial preference (tariff barriers that favoured imports from the Empire into the UK), and it definitely did want the UK in the EEC - which it viewed almost entirely in the contexts of the need to ensure post-war Western unity against the USSR and of its own distrust of Germany and France.

The US attitude towards the EEC, though understandable in the context of the Cold War, was a serious error, and it only compounded the British elite's own declinism and enthusiasm for 'joining Europe.' In reality, Western Europe did not need political unity, or even tariff unity, to maintain military unity in NATO. In fact, the EU's political unity turned out to be a threat to NATO, not a reinforcement of it.

But in other cases, the US's policies were not obviously incorrect. The US never realized that Britain, and the British Empire, had been free trading since 1846, that the UK had no power over the protectionism of the Dominions, or that the UK had only turned to protectionism in 1931 under the impact of a world financial crisis born in the US. But the US was right to believe that the West would be stronger and more prosperous if it traded freely, and that British tariffs after 1945 — even if temporarily necessary to protect the pound sterling in a world of fixed currencies — were bad for British competitiveness, a fact the Conservative Party recognised by supporting joining GATT, the predecessor of the WTO, when they returned to power after 1951.

These disputes have no great significance today, except insofar as they give both conservatives and progressives reasons to justify suspicion of the US. But neither the UK nor the US has anything to gain from indulging in their historical complaints about the other, for both sides have often been in the right, and in the wrong. What the lesson of the past does teach us is that the UK-US relationship is vital, but also that we cannot expect that British and American views or interests will coincide completely and that a relationship in which one side has too much of the power or influence will not be resented by the other side. We should aim for a mature UK-US special relationship, one that recognizes the indispensability of our alliance, and in which both sides work to refute the lies that seek to poison the alliance, but also one which recognizes that both partners have other friends and interests in the world, and that fostering those partnerships actually serves the health of the special relationship by preventing from trying to be the be all and end all of policy.

ENHANCE ANGLO-AMERICAN LINKS PRAGMATICALLY

The fundamental need for the UK is to advance policies that make it easier for existing ties to flourish, and for new ones to grow. The point here is not that the UK government should see itself as the primary builder of these ties. Rather, those ties should grow organically out of the needs and interests of the British and American peoples—and that growth should be facilitated by government action that removes obstacles to their growth and allow private initiatives to flourish.

A useful example is the Rhodes Scholarships, which were founded to bring elite Colonial and American students to Oxford, and thereby give them a greater appreciation of English (as most people would have said in that day and age) education, thought, and life. It is not possible to prove that the Rhodes Scholarships have achieved that aim: investing in people is inherently hit or miss, and effects are hard to trace. But because the British story is a good one, it cannot have been a bad thing to have brought so many Americans to Britain.

Governments may not find it easy to take such steps – partly because they are liberalising, and partly because they are investments in the future that may not pay off during the life of the government that took them. But if we as a nation are not willing to invest in our relationship with the US – just as the US should invest in its relations with the UK – we shall deserve the weakened ties we will get as a result.

These are some ways that the so-called 'Special Relationship' can be supported and grown:

1. **Preserve Freedom in Britain.** Over time, British and American governments can damage the Special Relationship. But because there is so much below the waterline of that relationship, the damage caused by a single maladroitness in either nation is less than it appears. The relationship was built as much by individuals as it was by administrations, and if we wish to build it going forward, we need to keep individuals free to collaborate across the Atlantic. In other words, an economically and politically free Britain (and, for that matter, the US), will build a stronger Special Relationship – and be stronger on its own two feet as well – than a high-tax, State-run Britain. There is a role for governments in UK-US relations. However, as the travel bans that resulted from COVID-19 illustrated, it is often easier for governments to destroy or disrupt than it is for them to build or create.

2. **Understand How the US Works and Take This Into Account in Policy-Making.** We have to make efforts to understand the US constitutional arrangements, which differ from our own. The US has many power centres of which the Presidency is but one. These can confuse any assessment of US thinking.
3. **Liberalise Visas.** The UK and the US have much to gain from liberalising rules on visas to allow uncapped reciprocal visas for non-immigrant professionals. Both the US and the UK are high-wage and high-standard countries, and there is no risk of either nation being overwhelmed by a flood of job seekers from the other. Anything we can do to make it easier for the affairs of the UK and the US to be, as Churchill once put it, “mixed up together” is a good thing, and allowing more professionals from the UK and the US to work in the other nation is an investment in that process.
4. **Secure an Expansive Free Trade Agreement with the US.** If the UK had not been in the EU (and its predecessors) from 1973 to 2019, we could have already had a free trade agreement with the US. Such an agreement is valuable for a number of reasons. It would, of course, bring commercial advantages. In particular, the UK should seek a deal in services, particularly financial services.⁵⁴ It is important to deploy those with the most honed negotiation skills in this task

Such an agreement would verify like no other agreement – except perhaps the UK’s incipient membership of CPTPP – the ability of Brexit Britain to negotiate for itself. It would, depending on its terms, bring a much broader set of financial gains. Above all, though, it would, if done right, keep the UK from falling back into being a rule-taker from the EU, and offer the democratic world an alternative to the EU’s vision of free trade within parameters defined by common standards – which is not really free trade at all.

Although the Biden Administration has brought the negotiations to a crawl, they are still in progress and we should continue to push to see them completed, as we are doing with some individual States. Moreover, the US stance could change markedly after November’s mid-term elections if the Republicans, as broadly expected, win control of the House and Senate.

5. **Reform the British Embassy in Washington.** The British Embassy in Washington was subject to a good deal of criticism both before and after the outcome of the Brexit Referendum in 2016. One think tanker argued that the UK had lost influence in the US because of a failure of strategic communication.⁵⁵ That is true to a point, but it would be more accurate to say that the British Embassy failed not because of insufficient resources or a lack of dynamism, but because its staff did not share the policy priorities of the government. The Embassy spends an inordinate amount of time complaining about the US use of the death penalty or promoting a climate change agenda in the US: if it did less (or preferably, none) of this, it would have more resources and dynamism to spare on issues that actually affect the UK-US relationship.

While there are advantages to keeping diplomatic representation in the hands of the diplomatic service, there are also disadvantages, just as the US system of making many ambassadorial jobs perks that are handed to donors has pluses (the effective representation of administration priorities) and minuses (the obvious issues with campaign finance). The UK should move towards a system that takes the good of the US system while avoiding the bad, and give Number 10 more power to appoint directly a few top ambassadorial (and High Commissioner) positions, filling them not from the ranks of the career diplomats, but from elected members of the Prime Minister’s party.

54 An explanation of how this can be achieved is to be found in Barnabas Reynolds, *Evaluating the Opportunity for US-UK Financial Services Trade Liberalization*, Mercatus Center, December 2020.

55 <https://policyexchange.org.uk/publication/a-washington-strategy-for-british-diplomacy/>

6. **Increase Defence Spending.** It is an error to reduce the Special Relationship to the close defence and intelligence relationship between the UK and the US. That is just the tip of the iceberg. But defence and intelligence do matter: the UK matters to the US government (as opposed to Wall Street, US universities, or US tourists or cooks) in part because it can do things that no other allied government can do and is willing to do (as the UK response to the Russian invasion of Ukraine illustrates).

The fundamental problem in this regard is that the UK is still – even after recently-announced increases in defence spending – doing too little to sustain its own military capabilities. Since 9/11, British governments have called the nation’s armed forces into action time and again—but they have not been willing to pay the bills. The result was that Britain’s capabilities shrank, and the men and women on Britain’s front lines lived on increasingly narrow margins. An additional problem was that Britain has a track record of making bad choices about how to spend the limited funds that governments did make available – witness the decision to cut the size of the Army by 9,500, down to 72,500 soldiers, less than a year before Russia’s attack showed land power reasserting itself.

No amount of spending can prevent us from making bad choices. But we cannot afford to defend ourselves, or fulfil our commitment to NATO, on such slender margins. We urgently need to increase defence spending and to move closer to the US not just tactically, operationally, and strategically, but in our procurement decisions, so that the unavoidable fact that we cannot afford to buy everything we need is addressed by US decisions to purchase that capability themselves. We have long acknowledged that we cannot engage in a truly major war without the support and assistance of the US – it is time that this recognition informed our decisions about what we buy.

7. **Build On the Promising Beginnings of AUKUS.** The trilateral security partnership between Australia, the UK and the US that began in 2021 around nuclear submarines, AI, quantum technologies, and cyber capabilities, to which hypersonic missiles and missile defence were added in early April 2022, is a superb example of the UK’s ability to bring together close alliance partners in a structure that can grow over time. The UK now needs to demonstrate that AUKUS can produce results, to avoid encumbering it with a weighty bureaucracy, and to look for additional – but related – areas that can be incorporated into it.

IV – REDEFINING BRITAIN'S GLOBAL RESPONSE TO CHINA

The UK, along with much of the world, is now emerging from a make-believe world in which it was thought that China was a benign commercial partner whose strength and skill-base could be harnessed for the world's greater good. It was further believed that, if the Western world accommodated itself to China by helping it achieve its commercial and economic aims, China would become like us, playing a constructive part in a bi-polar world alongside the United States. This view was common in the West and the UK acted on this belief more than most during the Blair and Cameron governments.

Today, only the most uninformed or those who are beneficiaries of China's largesse subscribe to this idea. Nevertheless, there remains quite a lot of ignorance about China's motives and modus-operandi. Until this is understood, it will be difficult for government to devise and implement a sound foreign policy toward China.

Therefore, this chapter explains

- **At some necessary length, China's threat to the world order**
- **How current structures and recent developments can be used as the basis of forming an 'Anglosphere' to provide an alternative to growing Chinese influence throughout the world**
- **The need for Britain to prioritise countering China's aggression relative to pursuing its commercial interests**

BE CLEAR ABOUT CHINA'S THREAT TO WORLD ORDER

The world is only just waking up to China's threat to the world's 'rules-based' order and to the deep roots of that threat in President Xi's dream of China as a great power. China is trying to change the international rules that the UK has played a leading role in creating.

Perhaps the most obvious instance relates to the international law defining territorial sea and the high seas. China regards the South China Sea within the 'nine dash line' as its own domain. That claim was ruled to be illegal within UNCLOS (UN Convention on the Law of the Sea) in respect of a Philippines case before the Permanent Court of Arbitration at The Hague in 2016. The South China Sea Arbitration ruled illegal all PRC activity to claim sovereign rights within the Nine Dash Line. ("The tribunal concluded that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the 'nine-dash line'.") The PRC angrily rejected that ruling and has proceeded to militarise the region. Therefore an early challenge to the reinvigorated Free World, along with the protection of Taiwan, is whether that flouting will be accepted.

The implications of permitting such a re-write of the accepted rules of international law are huge. It would allow all sorts of arrangements to be called into question. In an early indication of the expanding reach of China's influence, the UK-educated (then) leader of Singapore, Lee Kuan Yew, wrote an article in a 2014 issue of Forbes Magazine in which he sought to justify China's claims to the South China Sea, saying he did not believe

“the Chinese will submit their claims, which are based primarily on China’s historical presence in these waters, to be decided by rules that were defined at a time when China was weak.... Much more is at stake than rocks and resources. China sees the South China Sea as one of its key interests. A rising China is asserting its position by claiming historical rights to these waters... If historical claims can define jurisdiction over waters and oceans, the Chinese can point to the fact that 600 years ago they sailed these waters unchallenged.”⁵⁶

Since then the PRC has forged ahead and has only begun to be checked as a consequence of Putin’s War. The robustness of world support for Ukrainian independence is also a deterrent signal to the PRC.

The China Dream and Western Reassessment

What, precisely, is China trying to achieve? Xi’s own references to the concept of the ‘strong nation dream’ are understood by leading sinologists to refer to *The China Dream* by Colonel Liu Mingfu of Beijing’s National Defence University, a milestone in Chinese strategic thinking. Published in 2009, the book describes China’s ‘Hundred-Year Marathon’ to surpass the United States as hegemon by 2049, the hundredth anniversary of the founding of the People’s Republic of China (PRC). Xi himself has stated that the “dream” in some form will be realised by this date.⁵⁷

This has led to reconsideration of the purposes behind China’s institutional behaviour, especially the Belt and Road Initiative (BRI, previously known as One Belt One Road—OBOR) and organisations like the Asian Infrastructure Investment Bank (AIIB), which may become rivals to their western-originated equivalents. Both the Covid crisis and Putin’s war in Ukraine, which has been a challenge to Xi Jinping and the CCP command circles as much as it has been to us, has galvanised a reassessment.

Four systemic factors that began in the early stages of the Xi Jinping era,⁵⁸ have driven the world’s reassessment:⁵⁹

- **The negative impact of China’s economic policies on wealthy economies.** It increasingly is accepted that these have helped lead to falling manufacturing employment as foreign direct investment has shifted production to the cheaper labour of China.⁶⁰
- **The political liberalisation of China, which western policymakers had assumed would result from its increasing wealth, has not emerged.** The Chinese Communist Party is now demonstrating ‘authoritarian resilience’,⁶¹ becoming more, not less, entrenched, and the press less free than in the early 2000s. A clearer commitment in Beijing to the ‘Party-Army model’ has emerged over the last decade.
- **Xi Jinping has adopted a more expansionist and aggressive posture abroad,** creating important implications for the Western-led order.⁶²
- **Russia’s potential strategic and economic dependency on China creates a further threatening axis.**

It is now increasingly accepted that China is directly challenging the current American position of hegemony. It is also widely understood that the ascent of Xi Jinping has moved the one-party State in an increasingly totalitarian direction

56 <https://www.forbes.com/sites/currentevents/2014/03/26/china-unfettered-redefining-the-rules-of-the-seas/?sh=24d5216b3362>

57 Pillsbury, 2015. In Ibid

58 Pillsbury, 2015. In Ibid Communist Party of China (CCP) since 2012, President since 2013.

59 Tylecote, R. and Clark, R. A Long March through the Institutions: Understanding and responding to China’s influence in international organisations. Civitas. August 2020

60 Paterson, S. 2018. China, Trade and Power: Why the West’s Economic Engagement has Failed. London Publishing Partnership. In Ibid

61 Pillsbury, M. 2015. The Hundred-Year Marathon: China’s secret strategy to replace America as the global superpower. Henry Holt and Company. In Ibid

62 Ibid

Tangible Implementation of Xi's Dream

Key Chinese initiatives supporting Xi's 'dream' include:

1. **Accelerated military expansion in China that is well underway.** Since the late 1990s, defectors have referred to new military technologies under development by the People's Liberation Army (PLA) for use "beyond Taiwan". That China now appears to be sourcing military-applicable innovations in the UK and other developed countries should be understood in the context of China's apparent aim to leapfrog the US by 2049, which would clearly have far-reaching consequences for the UK, its allies, and other democracies.⁶³
 - China's force-projection capacity is growing, its military committing more resources to researching highly destabilising materiel such as hypersonic missiles.
 - China's development of a high-tech surveillance state is already leading to systematic human rights abuses and not only in China, itself, as the technology is being exported to multiple developing countries.⁶⁴
 - Having learned from the Soviet experience during the Cold War, over the last generation—and especially under the leadership of Xi Jinping—China has carried out what is described as a doctrinal 'revolution in military affairs', adopting an approach called 'asymmetric innovation'. This comprises developing some major systems with its heavy manufacturing capability (eg, submarines, warships, and strike aircraft, where China will have \$1 trillion to spend on naval and air force procurement to 2030,⁶⁵ and inevitably featuring IP infringement⁶⁶), but focusing much of its innovation effort on 'asymmetric defence technologies'. These include but are not limited to cyber-warfare capability, including paralysing attacks on core infrastructure; satellite and anti-satellite weapons; submarine-launched systems; directed-energy and electromagnetic pulse (EMP) systems; and global logistics disruption systems.⁶⁷
2. **Growing infiltration and influence on the educational and scientific establishment.** Within the UK, recent analysis of the relationships between UK universities and Chinese military universities and conglomerates illustrates some of the concerns about China's growing influence.⁶⁸ Chinese military-linked organisations have been sponsoring scientific research centres at UK universities for some time.

A good example of such behaviour can be seen at Manchester University, which has collaborated on hypersonic missile technologies with militarily-linked Chinese universities. For example,

- It allowed the China Aerospace Science and Technology Corporation (CASC), China's main inter-continental ballistic missile manufacturer, to open a research centre subsidised by the British taxpayer.⁶⁹ This research centre collaborated with Chinese military-affiliated universities into research on improving the manoeuvrability of hypersonic missiles and their ability to deliver simultaneously multiple warheads.

63 This section is drawn from Tylecote, R. and White R. Towards Strategic Coherence: A discussion of reform proposals following 'Inadvertently Arming China?' Civitas, July 2021

64 Ibid

65 Crane, K. et al (2005) in Ibid

66 The Washington Post reported in 2013 a classified study by the US Defense Science Board that outlined how cyber intruders had accessed over twenty-four US weapons system designs, including the Patriot missile system, the Aegis missile defence system, the F/A-18 fighter, the Osprey multirole combat aircraft and the Littoral combat ship (Nakashima, 2013, in Pillsbury, 2015). In Ibid

67 Discussed in Chang Mengxiong, 'Weapons of the 21st Century', China Military Science, 30:1, 1995, pp.19-24. In Pillsbury 2015, in Ibid.

68 The section is based on Tylecote, R and Clark, R. (2021). Inadvertently Arming China? The Chinese military complex and its potential exploitation of scientific research at UK universities. London: Civitas; and Tylecote, R. (2021). 'Novel weapons: Could we be unwittingly researching both sides of a hypersonic arms race?' The Critic. 26 March 2021. It is important to emphasise that this research did not accuse any UK-based institution or researcher of intentionally aiding the Chinese military.

69 Manchester University says this the centre has closed, although some of its staff remain at the university.

- The Manchester Graphene Aerospace Materials Centre (which led the development of graphene) is sponsored by the Beijing Institute of Aerospace Materials (BIAM), a branch of the Aero Engine Corporation of China (AECC), China's main military aircraft-engine developer. BIAM is both a military and civilian manufacturer and reports suggest it has developed graphene armour for the PRC's new assault helicopter.⁷⁰
- PRC penetration of elite British universities and institutions is pervasive. During the shortly departing Vice-Chancellor Stephen Toope's tenure, the depth of Chinese involvement in the University of Cambridge in general and of Jesus College via its China Centre are well documented. But a random graduation list—like this one from the University of Glasgow in 2021—serves as illustration of how far the so-called 'golden era' gave latitude to the United Front Work Dept. The working assumption must be that all Chinese students on defence-technological courses are not free agents.

Gonzalo Lora Garcia	Lei Kaoyi	Liu Tianyi	Yujie Li	Lu Bai
Low Jun Jie	Lexin Li	Luo Haowen	Zhuoqi Li	Wenlan Bao
Carmen McKie	Li Lina	Xiao Luo	Chengming Liu	Reema A E H Boualayan
William Thortinn Mackay	Yufei Liu	Jiahuan Mai	Jiaying Liu	Tianyu Bu
Manson	Zhiban Liu	Mao Qi	Ke Liu	Jianqiao Chen
Medua-Ugeth Somtochukwu	Guangnan Lu	Fen Mei	Liu Saini	Wei Xiao Chen
Dáire O Cuiréidin	Lui Zeng	Marcos Pallikaras	Liu Yu	Yinghong Chen
Min Ross	Hao Lyu	Jinrui Pan	Liu Yueyue	William James Degnan
Mer Sweeney	Boyuan Ma	Haowei Pei	Zhaofeng Liu	Croxon
Theodorou Xenios	Ramon Martinez Fernandez	Oliver Siedler	Shiqi Long	Gary Allan Hannah
an Tian	Ning Qianjun	Sun Feng	Chuhan Ma	Yawen Hou
Yui Tsang	Qin Yuguan	Sun Xiaodan	Haojun Ma	Yu-Sung Hsu
Wanat	Zhen Ruan	Ning Tang	Yuhan Ma	Wentao Jiang
Wang	Wenyu Shao	Tang Yuxin	Ma Ziteng	Mingze Jin
Yin Yip	Jinni Sun	Huiyu Tian	Simon Mellander	Thomas Kuhn
ang Yuan	Shuo Sun	Haoyu Wang	Yuqing Meng	Ningxuan Li
FORMATION	Tang Mingkai	Wang Kun	Xichun Ning	Li Xiaoboyan
LOGY AND	Jihua Tian	Wang Shuhao	Sreeram Ravishankar	Yuanchao Li
GRAPHY	Tong Honglu	Xu Wang	Shujing Shi	Li Zumin
Broughan	Wan Yuchen	Yi Wang	Yajing Shi	Yi Liu
Jong	Ruoqi Wang	Wang Yuru	Qingrui Song	Liu Yuzhen
Gkourmelou	Wang Xi	Hao Wu	Shilie Song	Zhe Miao
	Wang Xihao	Wu Jianjun	Qiliang Sun	Xuefeng Ni
	Wang Xinli	Minghai Wu	Xiaodong Sun	Chuyan Niu
	Wang Yunpeng	Qinxuan Xiong	Shao Tang	Onah Godwin Obande
	Zhuo Wang	Hoaran Xu	Xiaotong Tang	Baoyi Pan
	Wang Zhuo	Yang Chenyue	Zhe Tang	Chiara Pascucci
	Jian Wu	Mingjie Yang	Yadi Tian	Shouda Ren
	Wu Liena	Xinnan Ye	Jiayue Wang	Kai Sun
	Wu Shangbo	Zi Ye	Lumei Wang	Theodoros Vrakas
	Yuwen Xi	Zhan Anhua	Wang Shuqi	Wang Mingyu
	Ruixiang Xiong	Jinyuan Zhang	Tuo Wang	Qi Wang
	Xiong Wei	Zhang Peiyi	Wang Ziyu	Qiming Wang
	Haopeng Xu	Yifan Zhang	Chenyun Wei	Sai Wang
	Xu Xiaonan	Yuchen Zhang	Wei Hanyang	Tianyu Wang
	Dongyang Yan	Zhang Zhoutian	Zheyuan Wei	Yuyan Wang
	Junlei Yang	Yue Zhao	Shiyue Xia	Wu Rong
	Yang Qiongyi	Chuming Zhou	Zhichao Xiao	Qi Xiao
	Ruili Yang		Yijun Xie	Weikang Xie
	Cheng Ye	INFORMATION SECURITY	Dayu Xu	Qiling Ye
	Jingjie Yuan	Shuaibu Almustapha	Qiaochu Xu	Yong Shiping
	Chenxing Zhang	Botao Chang	Weizhen Xu	Yu Zhihua
	Chi Zhang	Chen Liru	Zihan Xu	Yuqing Zeng
	Guicheng Zhang	Fu Gengxin	Juehui Yang	Ji Zhang
	Zhang Haichen	Jinqi Li	Mao Yang	Zhang Jianing
	Tianjiao Zhang	Yihan Liao	Yang Mingshuo	Jiaruo Zhang
	Zhang Xiaoyuan	Xinmei Lyu	Yang Zhenhua	Lingyuan Zhang
	Xinyang Zhang	Xinjie Pang	Ting Yu	Zhang Wenting
	Ze Zhang	Qin Wenhan	Fen Yuan	Zhang Xiaoming
	Zhao Changjian	Yiming Qin	Hanguang Zhang	Weiwei Zhao
	Chunyu Zhao	Su Jinhong	Zhang Mingrui	Zhu Ziyang
	Riqi Zhao	Brian Edward Suhs	Zhang Shaoyin	
	Yuehan Zhao	Tian Xinyuan	Zhang Sijie	MASTER OF RES
	Lei Zhou	Wang Qianlu	Xin Zhang	HUMAN GEOGRA
	Zidi Zhou	Xu Zhaonian	Xizhuo Zhang	Sebastián Alfred
	Qiaoxuan Zou	Yan Yan	Zoyu Zhang	Herrero
		Lizhizi Yin	Bingjie Zhao	
		Zhehao Zhang	Zhao Hanokui	

⁷⁰ We do not suggest that this specific innovation has any connection to Manchester research.

Universities claim that they work only with these firms' civilian branches, but Beijing's 'civil-military fusion' strategy, whereby civilian firms may be forced to share technology with China's military anyway, makes the claim meaningless. Moreover, some of the research that has emerged from these centres has explicit potential military use. One researcher from the PRC at Manchester collaborated with a scholar at China's military-linked Central South University to research a 'new kind of ceramic coating that could revolutionise hypersonic travel for air, space and defence purposes', noting that 'ultra-high temperature ceramics (UHTCs) are needed in aero-engines and hypersonic vehicles such as rockets, re-entry spacecraft and defence projectiles.'

Other universities have equally concerning relationships. Imperial in London has an especially worrying case in the person of Clive Woodley, previously of the Defence Evaluation and Research Agency and of its research-leading arm, QinetiQ, after Gordon Brown broke up the Crown Jewels of UK defence science. Dr Woodley is a world leading expert on the physics of explosives propagation (a science of importance to the development of hypersonic missiles) and of rail-guns. He has not only lectured extensively on these topics to PRC Military Universities, employing QinetiQ labelled slides in one instance, but was also furnished with funds and laboratory facilities to share his expertise. When challenged on Dr Woodley's PRC ventures, Imperial declined to identify any problem with them.

In the United States, these Chinese military organisations would be sanctioned. The UK Government responded to these revelations by acknowledging that 'our historic technological advantage is being increasingly challenged by targeted investments in capabilities designed to counter our strengths'. The *Integrated Review* said it would 'stop states using [UK] academia to develop chemical, biological, radiological and nuclear weapons [and] advanced military technology', but the Government is yet to sanction a single PRC military conglomerate or university, a state of affairs described as 'strategic incoherence'. Action must be taken urgently here if British strategic independence is taken seriously.

3. **Well-resourced strategies of using and increasingly co-opting international institutions to internationalise its policies and norms of governance. For example,**

- **Following Covid, it become apparent how China was able to influence the World Health Organisation to help normalise and internationalise China's Covid policies.** Such involvement continues.
- **It is important to understand China's strategy of exporting its technological standards as politico-economic tools,** a strategy that will need a developed response as the UK's 'Indo-Pacific tilt' gathers speed. Hitherto the West, led in large part by UK precedents, has developed and set the standards. Outside the EU context, in which standards have come to be used in a more mercantilist manner (including in favour of the national interests of Germany and France), they are largely regarded as neutral between the competing interests of national States. However, China clearly sees an opportunity to shape new standards in a manner that embed its rival vision of the world order. Possible 'lock-in' around Chinese technologies and standards is a challenge for prosperity and civil liberties, and there is some truth to Werner von Siemens's, the founder of Siemens, claim that "he who owns the standards, owns the market". China's presence on international standard-setting panels has risen from 2011 to 2021 China's secretariat positions on the International Organization for Standardization (ISO) technical committees and subcommittees climbed 58 per cent; comparable International Electrotechnical Commission (IEC) positions doubled

- **Beijing's export of aspects of its model of governance to its BRI partner States, particularly digital infrastructure through the Digital Silk Road, creates risks for the freedom and openness of internet use throughout the developing world,** often in States with fragile democratic institutions. Where countries adopt Beijing's models for cyber security, they may become dependent on China's digital infrastructure. In the long term, this risks creating a separate technological sphere of influence. According to Emily de La Bruyere, a senior fellow at the Foundation for Defense of Democracies, "the stakes are particularly high right now because with the digital revolution, a new generation of technical standards is being formed". Thus, China has a clear understanding of how to use technology standard-setting to its advantage. If the West fails to maintain its technological edge, the UK and its allies risk slipping into a supplicant position in the coming century.⁷¹
- **China's intellectual property infringement itself is now partly responsible for slowed economic growth.** In the US alone, China's IP infringement is believed to have cost 2.1m jobs. This reduces returns on investment, disincentivising the innovation on which developed countries' growth depends.
- **At the United Nations, China's financial influence appears to be matched by its capacity to deliver a growing number of senior CCP officials into leadership roles.** Senior CCP officials are now at the helm of 4 of the 15 specialised agencies, with a further two powerful bodies run by Chinese officials. The US, France, and the UK each have one senior official as the head of an agency.

Geopolitics of China's Threat

In foreign policy terms, the greatest potential threat to a resilient UK in a post-pandemic world is the Chinese Communist Party and its autocratic leadership. While Russia may present more immediate and more tangible threats, China should be recognised as the long-term concern. Unlike other threats that range in seriousness, and which often reflect a masochistic penchant for self-harm such as the commitment to an economically damaging 'green' utopian agenda, the China threat realistically challenges both internal security and the UK's role in a rule-governed international post-pandemic order.

However, the most troubling external threat that China poses is not to the UK, but to Taiwan. Although this does not directly impinge on UK security, it does so indirectly by posing a grave challenge to the international and regional order that the UK has an interest in consolidating as well as to the global semiconductor manufacturing and supply chain. The UK's commitment to the Indo-Pacific and the negotiation of AUKUS is a promissory note that must take account of the potential for conflict both in the South China Sea but also over the status of Taiwan, which the PRC has always considered a rebellious province but now views – or until recently viewed – as ripe for forceful reunification with the mainland. In this connection, Putin's unsuccessful attempt so far to erase Ukraine is plainly giving the PRC food for thought.

Effects of the Ukraine War

With regard to Russia and Ukraine, a revealing kite was flown by a middle/senior ranking Shanghai CCP official, a career engineer and Party functionary called Hu Wei on 12 March.⁷² The article is remarkable for its cynical realism and lack of ideological language: it even quotes Lord Palmerston, applying to China the dictum that nations have neither permanent friends nor enemies: 'The law of international politics says that there are "no eternal allies nor perpetual enemies," but "our interests are eternal and perpetual."'

71 This section is drawn from: Tylecote, R. and Clark, R. A Long March through the Institutions: Understanding and responding to China's influence in international organisations. Civitas. August 2020

72 Hu Wei, "Possible outcomes of the Russo-Ukraine war and China's choice", US-China Perception Monitor, 12 March 2022 <https://uscnpm.org/2022/03/12/hu-wei-russia-ukraine-war-china-choice/>

Had Putin's *blitzkrieg* succeeded in Days 1-5, Hu Wei suggests that Communist China would have embraced him warmly; but he failed. He describes the war as "an irreversible mistake" and even three weeks into the war it was plain to Hu Wei that Putin had no good outcomes. Hu Wei is deeply impressed by the rediscovered resolve of Ukraine's allies, led by the UK, and fears for China if our economic crackdown of the Russian economy (small as it was relative to the PRC's) were to be applied to the PRC, which needs the West far more than Russia.

"Under current international circumstances, China can only proceed by safeguarding its own best interests, choosing the lesser of two evils, and unloading the burden of Russia as soon as possible... China should achieve the greatest possible strategic breakthrough and not be further isolated by the West."

Hu Wei suggests that the ideal self-interested position would be for the PRC to use its leverage over Putin to shut him down. Plainly this is not a consensus view, the article says as much; but as Putin's war floundered, it is noteworthy that initial supportive noises from Beijing faded.

SUPPORT DEVELOPMENT OF AN 'ANGLOSPHERE+' AS AN ALTERNATIVE TO CHINESE INFLUENCE

Here we propose that Britain should invest a great deal more in the potential power that resides in the cultural and political affinities between countries of the 'Anglosphere', the Commonwealth in particular. This is hardly a new suggestion. Variations on the theme date back to the late nineteenth century when historians like Charles Oman conceived it as a vehicle by which Britain could attain (or retain) global mastery.

In recent decades - but still within living memory - British governments, and in particular officials of the Foreign and Commonwealth Office immersed in the 'declinism' of their formative years, have overwhelmingly focused on the practical difficulties. This must stop. The existence over a hundred years and through two world wars and several smaller ones of numerous economic and military treaties, defence and intelligence cooperation down to very detailed levels, and dense webs of legal and cultural interchange are testimony to the potential for what Conquest called a 'flexibly conceived association', something 'weaker than a federation, but stronger than an alliance'.⁷³

In a world densely connected by rapid transportation and communications, a world in which, moreover, the willingness and ability of the United States to sustain the military and economic burden of global hegemony is increasingly in question, the Anglospheric alternative seems not 'grandiose fantasy' but obvious and useful.

Britain and the Anglosphere+ are living examples of the shared imagining of a richly textured globally present community. It is not words alone but many deeds:

- All the Queen's navies - RN, RAN, RCN, RNZN - share the same Sovereign's Commissions and they are today, as they have always been, fully interoperable with exchange crews. Go aboard any RN warship and as likely as not you will find the shoulder flashes of the RAN, the RCN, and the RNZN entirely integrated into the ship's company.
- The USN, the huge Indian Navy and the Japanese Self Defence Force Navy all share the same operational naval culture.

⁷³ We recognise that our use of the term, 'Anglosphere' may strike the reader as odd, given that this community would likely include some countries that would not consider themselves as 'Anglo' countries - eg, Japan. Therefore we are using the term, 'Anglosphere+', in this paper.

- Visit the RN's gold-standard Flag Officer Sea Training Command where warships are 'worked up' and certified fit for combat, as well as many Commonwealth vessels. A quick roster of the UK's natural maritime friends and admirers can quickly be assembled among the warships under training: Danes, Dutch, Norwegians, Greeks, Portuguese, Turks and many more. The RN submarine commanders' 'Perisher' course sets an Anglosphere+ standard also.
- The USAF and RAF Reaper drone forces are entirely interoperable.
- The recent deployment of the Queen Elizabeth Strike Group would not have been possible without the complete integration of USMC F-35s as the majority of the embarked air wing.
- Behind all this is the world's premier fully integrated intelligence system, nowadays given the shorthand of 'The Five Eyes': Australia, Canada, New Zealand, the UK and the US.

In a completely different field, Anglosphere+ judges cite each other's decisions, particularly those from Australia and New Zealand. The basic legal schemes across the US and the Commonwealth (apart from the limited number of States which never adopted it, because they already had a workable system (often French), or they joined the Commonwealth late, but did not adopt the common law) are recognisably similar, with departures from particular lines of reasoning being of interest as a comparative matter since they operate within the same intellectual scheme.

Key elements of establishing an Anglosphere+ would be:

- **Re-invigorate the Commonwealth to provide an alternative to Chinese influence**
- **Prioritise and accelerate FTAs in the Commonwealth and with the US**
- **Build on AUKUS and the Quad to Accelerate Anglosphere+ Security**

Re-Invigorate the Commonwealth To Provide an Alternative to China

If an Anglosphere+ is to be established, the Commonwealth unquestionably is the key building block - - encompassing such key countries as Australia, Canada, South Africa, New Zealand, Singapore, and Pakistan, as well as countries such as Nigeria that will soon be one of the most populous in the world.

Contribution of a Reinvigorated Commonwealth. If Britain is to play the global role in promoting trade and international legal regimes that the Integrated Review advocates, then the Commonwealth offers a forum rich with opportunity. Australia, New Zealand and Canada have all shown a notable enthusiasm for enhancing closer trade, defence and cultural ties after Brexit. Meanwhile, Singapore and Malaysia also welcome a revived British presence in Southeast Asia in sustaining international law in the face of Chinese assertiveness and US unpredictability.

Moreover, the Commonwealth has huge potential for the projection of British influence once again, through international standard-setting and an expansion of the international order on a basis that fits with the common law system, for instance by leading on the expansion of the WTO arrangements into the services sector. It is a model for the sort of alternative future that post-Brexit Britain offers. The self-confident multi-racialism documented as the British reality by the Sewell Report for the UK and at the very heart of the Commonwealth, can offer strength and hope to a troubled world riven by wokery and facing two differently remorseless totalitarian hyper-nationalist enemies.

Examples of the ways in which some of the key Commonwealth countries could contribute to a reinvigorated Commonwealth are outlined below:

- **Australia, Canada, and New Zealand:** In the Commonwealth context, it is probably with Australia that the UK's shared security, economic, and legal interests most naturally coincide, although New Zealand's interests are similar, as are Canada's. AUKUS provides a platform on which more can be done. Given their historically close relationship, a UK presence East of Suez in an era of global connectivity would be mutually reinforcing on a number of levels. Britain and Australia already cooperate closely on defence and intelligence. A Royal Navy presence would reinforce the evolving Quadrilateral Security Dialogue among India, Japan, the US and Australia, and the Quad's determination to uphold respect for international law and freedom of navigation.

The UK would also add a counterweight to China's assertiveness in the South China Sea and the South Pacific, whilst reinforcing ASEAN's commitment to a rules based multilateral order across the Indo-Pacific.

In this security context, the UK also shares with Australia, Canada and New Zealand as well as the US the crucial Five Eyes intelligence gathering capacity. Although the UK and the US initially put together this network after 1945, without the Commonwealth connection, it would not be as formidable and envied by the European Union, Russia and China, as it is currently.

In this strategic context, Australia would have referred high profile decisions like Huawei, Hinckley Point, or Wafer Fab to its independent Foreign Investment Review Board (FIRB). Similarly, the US would have referred these decisions to its Committee on Foreign Investment in the United States. The UK does not have an FIRB, or any very effective mechanism, the new National Security and Investment Act notwithstanding, to adjudicate whether such acquisitions and investments are in the national interest. Given the myopic response to Huawei, the sale of ARM holdings and now Wafer Fab, and its potential to undermine long term strategic calculations, and national resilience, an informed review of UK strategy should be initiated.

- **India:** Less obviously, but more interesting, is the role a rapidly developing India could play in a reinvigorated and dynamic Commonwealth. In the past the jewel in the crown was often a thorn in the flesh of the Commonwealth Office after partition and independence. Nehru and successive Congress Party governments saw non-alignment and the spirit of Bandung as more important to the separate development of the third world and the 'global south'.

Indian foreign policy, however, has undergone a sea change with the rise of Prime Minister Narendra Modi and the geo-political threats India faces from an unstable northern border and a rising China. As Britain sees the need for enhanced engagement with the Commonwealth so too does Modi. Consequently, an Indian prime minister attended the 2018 CHOGM after a hiatus of more than a decade. As the largest country in the grouping, India evidently sees a need to cultivate potentially congenial multilateral institutions like the Commonwealth as it too confronts increased economic and security threats. Although post-war India, despite claims of non-alignment, was loosely aligned with the Soviet Union, Russia's Ukrainian exploits provide an opportunity for change.

The recent Commonwealth trade review showed India to be the top recipient of foreign direct investment within the Commonwealth and the second most lucrative source of investment across the organisation. According to London Deputy High Commissioner Dinesh Patnaik, India was actively seeking 'a more important role' in the Commonwealth. If India does assume an enhanced role within the Commonwealth and, if the UK Foreign Office moves beyond bland mission statements about human rights and diversity awareness, a reinvigorated free-trading Commonwealth could offer a much needed source of inspiration for both democratic development, international trade and international order.

Closer strategic and economic cooperation between the UK and India would be a huge gain for the Free World. India is already part of the Quad alliance with the US, Japan, and Australia.

A New Mind-set. The recent Integrated Review significantly underestimates the importance of the Commonwealth and the role that Britain could play in rendering the organisation a more potent vehicle of UK statecraft. Most of the members of the Commonwealth were originally part of the British Empire. The only exceptions are Rwanda and Mozambique. FCDO office culture needs to be reoriented historically and re-wired to value and promote Commonwealth policy.

After the Macmillan/Heath generation of enthusiasts for the continental European project eventually prevailed, the Commonwealth has been consistently belittled or seen as an embarrassing sign of a past of which we should be ashamed. All of this is incorrect.

In fact, Macmillan stated that were a Commonwealth free trade agreement to have been possible we would have taken it. It was a chronic failure of political, legal and economic analysis that led to the UK joining the EU and turning her back on the Commonwealth.

As the major area of international economic growth is in services, having 54 countries around the globe, who speak English as a first or second language, who mostly use common law, covering all time zones makes the Commonwealth ideal for a new trading block. The population of the Commonwealth is 2.5 billion people, is growing at over 50 million people a year and 60 per cent of the Commonwealth population is under 30 years old.

The most important economic need in many developing Commonwealth nations is for the return of correspondent banking. Many UK banks closed their branches in African and Caribbean countries in order to satisfy FSB and Basel III regulations. This has had a devastating impact on the economies of these countries, several of whom had moved into financial services when the UK stopped buying their agricultural goods. Others badly need infrastructure capital to develop their natural resources and have had to turn to China for capital. Capital from China for mine development usually also comes with an obligation to let China take the production, and for the mine to use imported Chinese labour.

The Commonwealth is a major plank of the UK's geo-political advantage, and the UK's level of support needs to be increased substantially. This will not be an easy task. The idea has in recent times been rejected by our political and diplomatic class as being too difficult. We need to adopt a results-driven approach, brushing aside those who seek to prevent action through a priori analysis.

Providing Support. Commonwealth members look to the UK for leadership and have been puzzled by the unwillingness of the 'declinist' political establishment to provide it, in contrast to the shining example of leadership given by HM the Queen.

Can Britain work with other major Commonwealth countries – eg, Australia, South Africa, Canada, and India to make the Commonwealth a force for liberal democracy and the rule of law? The problem is that more than 40 years of EU membership for Britain has weakened those Anglospheric ties. Can they be revived? It will take dynamic leadership and allies.

The Commonwealth has to move on from being seen as a legacy of history to being a modern practical institution that delivers for its members. This requires practical outcomes that enhance the welfare of the Commonwealth's people. It's the practical outcomes that will drive the Commonwealth for the next few years what its leaders want from the Commonwealth – eg, initiatives that help drive higher living standards, better health and a cleaner environment.

How can this be accomplished? New ideas are needed to give the Commonwealth practical meaning for its members.

- A basic requirement is that the Commonwealth should be elevated in the FCDO, given the highest quality secretariat, and development should be tied to it. For example, building on the work of the Commonwealth Enterprise and Investment Council, the Secretariat body could be based in New Delhi rather than in London but still come under the auspices of the Commonwealth Secretariat. Not only would this give the Commonwealth a more practical and useful role in promoting the prosperity of its members, but it would be sensible to embrace India, which comprises around half the population of the Commonwealth, in the institution's architecture.
- Following on from this idea, the Commonwealth as an institution should be able to use the skills and expertise of people who live in Commonwealth countries. It could invite leading figures in areas such as finance, environmental management and diplomacy to provide advice and assistance to Commonwealth countries with particular needs. Indeed, the Commonwealth Secretariat could set up a network of special advisors who could be called on at short notice.
- The Commonwealth Heads of Government meeting could also look at ways the Commonwealth could enhance the skills of civil servants in Commonwealth countries. The more efficient and effective government is, the greater the chances of a country achieving rising living standards. Efficient governments do not just need visionary politicians; they need highly skilled civil servants.
- The Commonwealth could set up at relatively little cost a sophisticated training programme for civil servants using the best of Commonwealth universities – and let's recognise that the Commonwealth contains some of the very best universities in the world.

PRIORITISE AND ACCELERATE COMMONWEALTH AND US TRADE DEALS

Given the heightening geo-political risk and priority of dealing with China, it makes eminent sense for the UK to prioritise and accelerate FTAs with developed economies in the Commonwealth and with the US. These States share both liberal market values and common law. Special Administrative Regions like Hong Kong (until China dissolved its special status under a new national security law in 2020) and sovereign Commonwealth States like Canada, Malaysia, India, Australia and New Zealand, and Singapore, adapted and developed the constitutional and economic legacy the UK bequeathed, but without adjusting the fundamental precepts of the common law.

Unlike the UK, however, these States never abandoned national sovereignty for a utopian project of ever-closer union. Instead, they understood that 'the liberty of a people consists in being governed by laws which they themselves have made' and focused, at the end of the Cold War, on adapting institutions to the challenges and opportunities offered by globalisation.

By 2015, States following some version of an Anglospheric rule of common law enjoyed both high standards of living and were amongst the most attractive places on the globe to live. Asian city-States like Singapore have a per capita GDP (US\$53,000), significantly higher than that of the UK and most European States. Singapore, like Hong Kong until very recently, is a regional trading hub, which facilitates foreign direct investment through its investment friendly business climate and superb infrastructure.

Australian and Canadian experience in negotiating trade deals across the Asia-Pacific could also enhance the UK's strategic calculation of the links between trade and security. Since 2002 Australia has negotiated 23 FTAs including ones with China, South Korea and Malaysia, Singapore and the United States. Australia is also committed to the Trans-Pacific Trade Agreement with eleven Asian and American economies (but not the US).

A 2017 report by the Australian Department of Foreign Affairs and Trade concluded that: ⁷⁴

'the merchandise trade liberalisation over the 1986 to 2016 period has benefited the Australian economy with real GDP being 5.4 per cent higher than it otherwise would have been'

The Australian-US FTA alone accounted for 'a massive increase in trade and investment' since the agreement entered into force in 2005. Between 2005 and 2018 US exports to Australia increased by about 42 per cent while Australian exports to the US increased by 50%.

Both Australia's and New Zealand's export trade depends heavily on China. China buys approximately one third of all Australian exports and just under 30% of New Zealand exports. Unfortunately, because of trade actions taken recently by the UK, it will be harder to counterweight China's assertiveness in the South Pacific. The UK could have changed this in its recent free trade agreements with both countries but chose instead to continue the EU's mercantilist trade policy by limiting trade on products produced more efficiently by Australia and New Zealand for 5, 10 and even as much as 16 years. Re-establishing an Anglosphere+ will be more difficult when two of its members' economies are so reliant on exports to China and the UK is so opposed to free trade outside of the EU.

Ultimately, a geostrategic framework of FTAs could lead to more ambitious schemes such as James C. Bennett's *Canzuk*, or even *Canzukus* adding military co-operation (a neologism for the existing 2006 coinage of ABCNZUS), liberalised migration rules, and other co-operative measures to free trade with Canada, Australia, New Zealand, the US and, in time, Singapore, Malaysia and India. A revamped western alliance structure could afford a framework not only for evolving economic linkages but also geo-political ones, in terms of a shared English language, a shared political culture based on sovereign institutions, the rule of law and mutual defence.

The Commonwealth could play a more active role in freeing up trade between its members. A Commonwealth wide free trade agreement is not a practical option given the instinctive protectionism of many of the members. Nevertheless, a new branch of the Commonwealth Secretariat could be set up to promote trade facilitation and gradual liberalisation. Importantly, this body could also help to facilitate investment flows between Commonwealth countries.

Build on AUKUS and the Quad To Accelerate Anglosphere+ Security

There are two existing alliances that provide the basis for adding military/security heft to an emerging Anglosphere+ - the recently formed trilateral AUKUS security pact and the Quad. The collective security of a new Anglosphere+ could be enhanced via some relatively straightforward initiatives:

- **Accelerate AUKUS with a more regular Royal Navy presence in Australia** to reinforce the evolving QUAD security dialogues held by India, Japan, the US and Australia, and the Quad's determination to uphold respect for international law and freedom of navigation

Immediately offer to base one or two Astute SSN's (Nuclear Attack Submarines) at HMAS STERLING to integrate immediately into the RAN

⁷⁴ "Australian Trade Liberalisation: Analysis of the Economic Impacts", October 2017, Australian Department of Foreign Affairs and Trade

The shared interoperability of ‘all the Queen’s navies’ means that the Royal Navy can easily and swiftly man and train up Royal Australian Navy ASTUTES while new docking and other SSN new facilities are constructed.

Offer to divert the next RN ASTUTE in build to Australia so that the RAN becomes *de facto* what it already almost is – a mirror of US 7th fleet in all capability except aircraft carriers.

Such a naval gesture is vital to show political will and to make AUKUS quickly irreversible.

- **Connect AUKUS with Canzuk/Canzukus** This is a wider military-technical and security integration that adds further dimensions to AUKUS and hence to total Anglosphere+ deterrence in the Asia-Pacific
- **The UK should gain agreement to join the QUAD.** Despite rebuffs from parts of India’s political elite, the UK should make every effort to gain acceptance, recognising that the people-to-people engagement of British and Indian people is one of the most entwined in the modern world.
 - Recognises the role a rapidly developing India could play in a reinvigorated and dynamic Commonwealth
 - India knows us exceptionally well and we India; so the aberration of India’s military associations with the USSR/Russia is best ended by a forthright demonstration of the superior attractiveness of the Commonwealth and the broader Free World Alliances to India
 - Supports the resolve to support Ukraine by all necessary military and diplomatic means

PRIORITISE BRITAIN’S RESPONSE TO CHINESE AGGRESSION OVER COMMERCIAL INTERESTS

In foreign policy terms, as stated in Chapter II, the most significant long-term threat to a resilient UK is the CCP and its autocratic leadership. While supporting Ukraine’s response to Putin’s aggression is more urgent and ultimately helping Ukraine rebuild and cement itself into the institutional architecture of the West will demand attention, China has to be the primary focus.

General Lord Richards, cited in the opening pages of this paper, shares that assessment also. China’s most troubling external threat is to Taiwan. The China threat challenges both internal security and the UK’s role in a rule governed international post-pandemic order. This has become more widely acknowledged in the West since the emergence of Covid-19.

The UK is in only the earliest stages of devising a statecraft for the new era. The Government’s plans to renew our national defence remain relatively unclear and spending on defence itself – both on hardware and soft-power investments – remains anaemic. Volkswagen alone spends more on R&D than the entire UK defence sector.⁷⁵ The UK now faces a ‘diminishing technical edge’.

Nevertheless, the Government is to be commended for beginning to move away from the so-called ‘golden era’ of UK-China relations. The UK has begun pivoting to face these challenges, including with Asia-Pacific allies. The Government’s *Integrated Review* and *Defence Command Paper* show that a strategic shift is underway, including investments in advanced defence technologies, driven by what the Australian Strategic Policy Institute calls a ‘deterioration in the strategic landscape and technological threats’. As a RUSI assessment outlined, ‘defence expenditure will rise’, as HMG develops ‘an industrial strategy as much as a military strategy’.⁷⁶

Nevertheless, Britain still needs to formulate a coherent strategy to address the China challenge.

75 Tylecote, R. and White R. Towards Strategic Coherence: A discussion of reform proposals following ‘Inadvertently Arming China?’ Civitas, July 2021

76 Taylor T. and Lucas, R. (2021). New UK Government Initiative to Support High-Risk, High-Reward Military Science Needs Refinement. Royal United Services Institute (RUSI). In Ibid

Required Response

The UK has always been an open society. Since the 1840s, apart from the period between the 1930s and 1960s committed to free trade with the world. However, British foreign policy must now recognise that the CCP intends to formulate a world system on its terms by the centenary of its foundation in 2049. Whatever shape this new international order might take, it is not one informed by a movement toward a liberal end of history. As Xi Jinping made clear in his speech to the 12th Party Congress in 2013: 'To accomplish the Chinese Dream we have to take a Chinese path. This is the path of socialism with Chinese characteristics. This is not a path that opens up by itself.'

In order to avoid taking the 'China Dream' path, the UK will need to balance its growing commercial interests in the Indo-Pacific with deterring China's challenge to the existing international legal and regulatory order, which the UK played a large hand in drafting. Any "pivot" to the Indo-Pacific will make no sense without close integration between UK and US forces. Therefore, the UK's relationship with the US will need careful calibration to avoid increased dependency on the US versus kowtowing to China.

However, the tone and relative precision of our close allies in the Asia-Pacific is in marked contrast to the contradictory prose of the UK *Integrated Review*. The Australian, Japanese and US responses to China's regional adventurism suggest a more pragmatic approach:

- Australia, in its most recent strategic defence review, declared the prospect of high intensity conflict is now less remote than it was, noting that more 'grey zone' conflict is already occurring.
- The Japanese also recognize this growing threat. For the first time, they have removed Taiwan from the map of China and now deal with it in a separate chapter of their Defence Review, addressing it separately from the communist-ruled mainland. Their Review notes the increasing Communist threat to the island and observes, in understated terms... 'it is necessary that we pay close attention to the situation with a sense of crisis more than ever before'. A samurai at full gallop sets the tone of this 2021 Review on its cover.
- Meanwhile, the US is so concerned about Taiwan's independence that in an unguarded moment President Biden suggested that the US had abandoned its long-standing policy of strategic ambiguity regarding Taiwan's defence. That Biden blurted it out does not make it untrue.

We should also recognise, as Australia and the US already do, that the unveiling of Communist China's hostility to the world was the main geo-political outcome of the Year of the Pandemic. The *Integrated Review* intimates that the UK Government understands the dangers of Xi Jinping's 'China Dream' scarcely at all. China understands and plays the West well.

However, all is not lost. A China that many States (not just western ones) perceive as aggressive has engendered an increasingly coordinated regional opposition. This will make it harder for China to become a regional or global leader. If regional governments believe China is expansionist, they will believe every strategic gain by China emboldens Beijing to strive for more.

It is possible that the Xi Jinping leadership group in the politburo may not be fulfilling the 'China Dream'. Xi's personality cult, combined with the concentration of decision-making powers in himself, and prioritising loyalty over pragmatic analysis 'forever', is not conducive to effective strategic advice; he might be making mistakes. The 'Mandate of Heaven' could well pass from them. While, a 'palace coup' is unlikely, such an outcome could increase tensions causing some moderation in their policies.

China can be checked by a containment and deterrence strategy and Putin's War has collaterally provided an impetus to doing just that. Beyond that, expectations should be low, since China shows few signs of a willingness to assimilate itself to UK thinking.

The UK can play a key role in achieving containment and deterrence if the Foreign Office can be shaken out of its endemic declinism and its delusion that China can be both a threat and a strategic partner at the same time. In this context, the UK must reassess its Free World alliance commitments and build alliances with those where trust is most complete within the Anglosphere, the Commonwealth and with the 'Five Eyes' intelligence nations at its core.

Beginnings of a New UK Strategy

The priority now should be to ensure that UK policy does not actively help Chinese expansionism. A strategy should include, for example, such elements as the following:

1. **Reassess UK membership of the Asian Infrastructure Investment Bank (AIIB)**, which Beijing has established as an alternative to the World Bank and the International Monetary Fund (the United States and Japan have declined to join the AIIB). Sir Danny Alexander, who in Government was a 'cheerleader for the decision to become a member', is now the AIIB's vice president and corporate secretary.⁷⁷ The UK has under 3 per cent of voting power: China has 26.6 per cent, the largest share, and the ability to veto AIIB decisions.

Belt and Road Initiative-related institutions generally are implicated in instances like Sri Lanka having had to give Beijing control of infrastructure after taking out a loan with Exim Bank of China (Sri Lanka Ports Authority gave a 70 per cent stake of Hambantota port to China Merchants Port Holdings.⁷⁸ The port is believed to be of potential future naval use). With an eye to domestic and foreign concerns, as the Cabinet Office oversees a review of the UK's approach to China, other areas also need urgent consideration.

2. **Employ US-style sanctions on military-linked companies:**

- **A UK sanctions regime should cover companies linked to the militaries of China and other systemic competitors** (such as Russia and Iran). The Government has not yet prevented Chinese military companies from investing in the UK and benefitting from UK-based research, despite their equipment apparently being put to use by China in what is credibly called a genocide in Xinjiang. A combined sanctions regime would prevent investment in the UK (including its research facilities) and investment by Britons in these companies. This should extend beyond Chinese military organisations to firms involved in surveillance.⁷⁹
- **The establishment of the Investment Security Unit (ISU) as a UK equivalent of the Committee on Foreign Investment in the United States (CFIUS) is to be welcomed.** An expanded role for ISU should take in foreign investment into universities and education.

3. **Establish defence research, security and export controls:**

- **Strengthen the Academic Technology Approval Scheme and the Research Collaboration Advice Team (RCAT).** ATAS governs who may enter the UK for research purposes; RCAT is being established to advise academics. But some Government guidance, such as 'check whether your potential collaboration partner [has] been involved in activities of potential concern – eg, using internet searches' is unreliable. No former or current employee or student of any Chinese military-linked entity or university should research in the UK or with UK institutions.
- **Require UK universities to declare details of their funding from Chinese sources and other systemic challengers** (eg, Russia and Iran) until sanctions are put in place

⁷⁷ Helen Cahill, 'British backing for China's global ambitions raises the alarm'. The Telegraph, 9 January 2022.

⁷⁸ Ibid

⁷⁹ This section is drawn from: Tylecote, R. and White R. Towards Strategic Coherence: A discussion of reform proposals following 'Inadvertently Arming China?' Civitas, July 2021

- **Improve defence research funding for universities.** In the US, Defense Department funding comprises 40 per cent of all university engineering R&D, especially through the Defense University Research Instrumentation Program (DURIP). The UK should also push to expand collaboration under the Five Eyes' Technical Cooperation Program, such as through a research programme for secure facilities at leading universities. Large incumbent defence corporates also have a role to play in filling any shortfall from a loss of research funding from other sources. Government urgently should consider making future defence procurement contracts dependent on contractors funding more UK R&D.
- **Update UK export controls for today's information-technology age.** UK export control rules originate in an era when the main challenge was blueprints crossing borders in briefcases. They need updating for the age of the internet and globalised universities. For example, Part 6 of the Export Control Order (ECO), whereby an exporter is at risk of a two-year prison sentence if "the person... *has been informed [or] has grounds for suspecting* that goods, software or technology are or may be intended, in their entirety or in part, for WMD purposes" may allow too much. The complexity of the export system is a concern: leading lawyers admit they do not fully grasp its implications.

4. Devise effective responses to China's international institutional strategy:

- **Focus international institutional responses toward upholding national sovereignty.** Instead of moving towards supranational regulatory capacity, international institutions should seek to uphold national sovereignty and choice: this means the UK approach to these organisations should uphold a 'UK ethos' in general.⁸⁰
- **Punish institutional violations in concert with Anglosphere' partners.** The next component is to respond to violations. These organisations depend on the presence of major western nations for credibility. The UK should demand expulsion of individual diplomats for violations, and act in concert with the US, willing Commonwealth partners, and potentially others in a 'strategic planning group' to form common positions including responses to violations, and to push for reform of international institutions (for example in elections rules and transparency, and penalties for bribery).
- **Assist developing countries to avoid entanglement with China's standards.** The UK should commit to helping developing countries avoid becoming dependent on China's standards or technological sphere. This would include helping developing countries move out of China's 'standards orbit' on strategic technologies (eg through the 'New IP' being propagated through Huawei's export markets) and to prevent an incompatible standards zone being established and a commitment to draw up a combined approach, possibly with the Five Eyes, to respond to and counter China's Digital Silk Road.
- **Assist developing countries with disentanglement from existing Chinese encroachments.** The UK should look to develop and leverage an international fund, perhaps the 'Commonwealth Investment Fund', or even perhaps a wider construct involving the US and Japan, to which others can contribute. This fund could provide resources to States which have agreed, foolishly, to Chinese commitments, secured on assets vital to those States. In 2018, Sri Lanka handed to China its port at Hambantota, on a 99-year lease, when it could no longer fund interest payments on a loan of just over \$1bn, which had been taken out under Chinese law, in Mandarin, containing Chinese security provisions. This is symptomatic of the widespread problem of the malign use of 'investment' to achieve geo-political control. Those assets can be nationalised, and loans repaid, using Western monies seeded by the UK and operating under structures based on liberal, democratic and free market values. Commercially savvy people will need to be deployed to work out a fair value for the buy-out, and the justifications for that, but this is achievable in accordance with normal legal practices.

⁸⁰ The proposals in this section are drawn from: Tylecote, R. and Clark, R. A Long March through the Institutions: Understanding and responding to China's influence in international organisations. Civitas. August 2020

V – REVISING RUSSIAN POLICY IN LIGHT OF THE WAR

It was not long ago that many observers took the view that Russia, although large in land mass and rich in minerals, was a relatively insignificant economy that had the capacity to be a bothersome irritant but did not pose a serious strategic threat to the world. Such, reportedly, was Condoleezza Rice's view as US Secretary of State, as well as herself as a Russianist. Therefore, 'containment', was the logical strategy to take toward Russia.

Today, 'Late Putin' Russia has shown itself to be a far greater and more brutal threat than previously envisaged and the world's view and response requires revision. While the war in the Ukraine demands actionable and immediate responses, a longer-term perspective and policy for dealing with Russia is needed.

Therefore, this chapter traces the long-term evolution of Western policy toward Russia and how the Ukraine war has affected it.

UNDERSTAND RUSSIAN POLICY EVOLUTION AND CONSEQUENCES OF THE UKRAINE WAR

The policy debate concerning Russia is not just a debate for the UK, or the West; China is similarly perplexed about what to do. This is not a new debate; neither is it binary. To make sense of today's stark policy choices, a richer, historically informed perspective is needed.

Russia herself has long wrestled with her dual identity, most famously displayed in the 1918 poem, *The Scythians*, by the St Petersburg 'symbolist' poet, Alexander Blok⁸¹. One of its most famous verses resonates most particularly today:

*Yea, Russia is a Sphinx. Exulting, grieving,
And sweating blood, she cannot sate
Her eyes that gaze and gaze and gaze
At you with stone-lipped love for you, and hate.*

From the outside, looking in, the rest of the world has long experienced the same dilemma as the Communist Chinese are now experiencing. In 1939, Winston Churchill famously described Russia as 'a riddle, wrapped in a mystery, inside an enigma'. While the image is memorable and perhaps overwrought, it contains a kernel of truth.

Throughout the period since the Bolshevik victory in the Civil War - most acutely in the periods immediately after the victory over Nazi Germany - and continuing until the collapse of the Soviet Union, there has been a constant debate and tussle for influence at the levers of Western policy. Depending on circumstance, this debate slides to and fro on a spectrum between advocates of containment of Russia and advocates of assisting its transformation into a post-communist market economy that more openly expresses Russia's pre-revolutionary cultural roots. Both schools of thought start from similar assessments of Russian conduct but the containment school inclines more towards the primacy of ideology in explanation; the transformation school, to the primacy of geo-politics.

81 A. Blok, "The Scythians" (1918)

The Evolution of Transformation Policy

Advocates of transformation have tended to be of three types: those with deep knowledge of and love for Russian culture who grieve over the eclipse of the European face of Blok's Sphinx; those more ideological proponents of the transformative powers of allowing Russia entry to the Free World - a similar perspective to that which had advocated Chinese entry to the WTO; and those who are students of geo-politics.

These last have argued along the same lines as did Sir Halford Mackinder, founder of modern geo-politics, in his celebrated report of 21 January 1921, presented to the Cabinet on the 29th. It was written on board HMS *Centaur* as he returned to England from his too-late mission as High Commissioner to South Russia in 1919-20. He was dispatched there to assess the prospects of and the scope of British support for Denikin's and Wrangel's White Russians in the Civil War with the Bolsheviks.

Lord Curzon, the Foreign Secretary, had read the second iteration of Mackinder's theory of geo-politics, published earlier in 1919, in which he had written:

"Unless you would lay up trouble for the future, you cannot now accept any outcome of the war which does not finally dispose of the issue between German and Slav in East Europe... You cannot afford to leave such a condition of affairs in East Europe and the Heartland, as would offer the scope for ambition in the future, for you have escaped too narrowly from recent danger... When our statesmen are in conversation with the defeated enemy, some airy cherub should whisper to them from time to time this saying:

Who rules East Europe commands the Heartland:

Who rules the Heartland commands the World-Island:

Who rules the World-Island commands the World."⁸²

Encouraged by Churchill at the War Office and by Lloyd George, Curzon offered the mission to Mackinder.

It was short and troubled: it was launched too late. Furthermore, the Navy was aghast at the scale of offers of protection that it believed Mackinder had made to the Whites. Yet Mackinder's report was a coherent strategy for the defeat of Bolshevism: it was a 'whole policy' with a once more familiar ring: it encompassed creation of a series of buffer States (White Russia, Ukraine, South Russia, Georgia, Armenia, Azerbaijan and Dagestan) as a holding position, 'a firm declaration by Britain especially that she would not make peace with Bolshevism... timely assistance... in naval and technical ways for holding the Isthmus of Perikop [entrance to Crimea] and the defended areas of Odesa.'

Mackinder was especially exercised about preventing Bolshevik control of Ukraine's abundant reserves of high-grade coal (to which we today would add the shale gas fields of the Donbas and immense gas reserves of offshore Crimea) and, of course, the black soil wheat-lands that had made Ukraine the bread-basket of Europe since the time of Catherine the Great.⁸³ His case was for immediate engagement (materiel for certain and including troops if necessary) in support of local anti-Bolshevik forces to forestall generations of future conflict; but his case found no support at all in a war-weary Cabinet. It was, as Geoffrey Sloan observed, 'a painful paradox of a clear geo-political vision yet ultimate policy failure.'⁸⁴

Mackinder's long forgotten report resonates across the years. After the fall of the USSR, a buffer-zone much as he had advocated did indeed come into existence. Also at that time, in the chaotic moment of Yeltsin, Russia asked the West a question for the first time in decades: 'What do we do now?' and was listening for the answer.

82 H. Mackinder, *Democratic Ideals and Reality*, H. Holt & Co, NY, 1919, p.106

83 G. Kearns, *Geopolitics and Empire: The Legacy of Halford Mackinder*, OUP, 2009, pp 201-12

84 (eds) C.S. Gray & G. Sloan, *Geopolitics: Geography and Strategy*, Frank Cass, London, 1999, pp 15-38, quotation at p.28

In reply, we offered the ultra-laissez-faire version of economists like Jeffrey Sachs (who has since travelled ideologically to the opposite end of political economy): 'sell everything'. And they did, to a handful of oligarchs; and so the opportunity of real transformation slipped away.

Now that Putin has brought war back to Europe, echoes of other of Mackinder's recommendations are heard. Tobias Ellwood MP recently declared of the situation in Ukraine that 'this is our Cuban Missile Crisis' and called for Britain to lead a NATO division into the country to 'make Putin think twice.'⁸⁵ That would have been unwise; but the general reinforcement with material has occurred along with comprehensive strengthening of the main Free World alliance. NATO, never before so cohesive, is about (Turkey permitting) to gain the adhesion of two major Nordic powers, Sweden and Finland, under the shelter of the Article V guarantee, and has already made the dispositions to place battle-strength forces along the shield wall from Helsinki to Anatolia.

The Evolution of Containment Policy

The American strategist George Kennan - whose 1946 'Long Telegram' describing the sources of Soviet conduct was seminal in forming the Cold War Containment strategy for handling the Soviet Union - was uncompromising in his assessment. He described the 'Soviet outlook' of a generation of young Russians burning with ardour for the Communist vision, super-infused with energy and their sense of destiny. Amicable existence with a State so animated was not possible in his view. The 'basic Soviet instinct' was 'that there can be no compromise with a rival power and the constructive work can only start when Communist power is dominant.'

He argued that in Soviet eyes, '... the international authority of our state [ie, the West] must be broken if Soviet power is to be secure.' Furthermore that '... impervious to the logic of reason [the Soviet Union] is highly sensitive to logic of force.' This argued for a western shield-wall: the policy of containment. The impact of the Long Telegram in Washington was immediate and strong.⁸⁶

However, after the fall of the Berlin Wall, the solidarity of the western alliance frayed and nowhere more so than as a result of German *Ostpolitik* under Chancellors Schroeder and Merkel—especially the latter. Combined with appeasement of 'green' proponents of the economically and thermodynamically unsupportable *Energiewende*, German dependence on Russian gas imports exceeded any sensible limit. A second major under-sea pipeline, Nordstream 2, was built to skirt Ukrainian territory, which would have further tightened Putin's grip on continental Europe's windpipe. It was only cancelled {after completion} on the first weekend of Putin's war, when German's Russian policy stood on its head.

Prior to Russia's invasion of Ukraine, the arguments of containment advocates tended to centre around the alleged ruthlessness and competence of Putin as a leader of a superior Russia versus the corruption/weakness/disorganisation of both Ukraine and NATO, suggesting that it would be futile to resist Russian demands. Furthermore, Russia's demands were seen as legitimate given the long intertwined history of the two countries. It was not seen as 'our war'. The newly re-elected and domestically enfeebled Macron is most prominent in making the case for appeasement of Putin.⁸⁷ Germany and France both stand revealed as having supplied arms to Putin after the annexation of Crimea and are now, in Europe, a visible minority.

85 Tobias Ellwood, 'NATO must move troops in now or face a Cold War...' Mail on Sunday (30 January 2022), <https://www.dailymail.co.uk/debate/article-10456127/NATO-troops-face-cold-war-Russia-China-potent-allies.html>

86 D.Yergin, *Shattered Peace: The origins of the Cold War and the National Security State*, 1977, quotations from Penguin edition 1980, pp 168-71

87 R.Tombs, "Macron's shameful kowtowing to Russia is hardly a bolt from the blue" *Daily Telegraph*, 11 June 2022

The breach that has opened between them and the forty nations who met for the force contribution conference for Ukraine six weeks into Putin's war is deep and has contributed to the relegation of the EU to irrelevance in the new geo-politics of Europe.⁸⁸ As an American diplomat commented perceptively some years ago, the EU was destined to be 'a theoretically powerful but crisis-prone second-rate power caught in an unending geo-political tug-of-war'—the Austria-Hungary of the 21st century.⁸⁹

The Ukraine War: Mackinder Re-Emerges

Once in power, the conduct of Putin appeared at first to wrestle with Blok's love/hate dilemma before resolving it in favour of hate.⁹⁰ The slew of biographical monographs on Putin now appearing converge in a broad account of the tussle between love and hate of the West that resolved as he has aged as dismay at the disintegration of the USSR and a hatred at what he perceived as lack of respect for Russia. Such is certainly a plausible reading of his strangely intense and vague Victory Day speech in the face of his own defeat in the Battle of Kyiv, delivered from Lenin's Tomb on 9 May 2022. Putin has fashioned a new national religion of unending war against fascism to fill the void left by the implosion of communism.

To what extent he carries the body of the Russian people with him, most especially the young cohort who have never known the dark and empty night streets and dull uniformity of the Soviet Union and who now are called upon to bear the brunt of the fighting and dying in Ukraine—to say nothing of their bereaved mothers—remains to be seen. Certainly he has not yet dared to move to general mobilisation in the effort to rebuild his damaged armed forces.

What is clear is that Putin's War has had a major transformative effect, which is the inverse of what Putin himself intended. In respect of the Free World, he has consolidated Ukrainian national identity and given it a degree of legitimacy that President Zelensky had been struggling to achieve, against the tide of corruption and venal politics he inherited upon election. His past satirical TV comic role has translated into real life; and he is widely seen as one of the world's most authentic national wartime leaders. Russia has its own analogue of course, in the charismatic person of Alexei Navalny.

In respect of NATO, Putin's war has had a clarifying effect. The alliance has found a degree of common purpose not seen for decades. It also has advanced the assumption of leadership by the British Prime Minister, together with his Defence Minister. This has been important, given the manifest defects of the current US President whose unscripted and timid remarks sowed confusion and weakened NATO's deterrent signals several times until he swung back hard after the revelations of Bucha (albeit with prematurely extreme positions vis-a-vis Putin's criminality). Fortunately, the Anglo-American institutional relationships operated flawlessly and the Baltic, Scandinavian and Dutch NATO members fell in quickly along with Finnish and Swedish forces.

Unfortunately, as explained in the next section of the paper, not all went so flawlessly within the EU as France, Germany, and Italy pursued unhelpful activities and undermined sanctions.

Nevertheless, by the sixth week of the war, and after Biden's about-face, really substantial volumes of both light and latterly heavy weaponry poured into Ukraine, including US and British heavy artillery, counter-battery radar, armoured anti-aircraft rocket launchers and much more. It gained momentum far too late; but still it comes. The access to Western intelligence assets gave the Ukrainians a critical edge in many of their most audacious attacks on RF forces.

In sum, a pattern of conduct not far distant from Mackinder's 1921 proposals had come into being.

88 R.Tombs, "Britain's future is to be Europe's only great power, not a satellite of Macron's continental empire" *Daily Telegraph*, 14 May 2022

89 A.Wess Mitchell, "Perhapsburg: today's European Union is yesterday's Austro-Hungarian Empire on the gameboard of world politics", *The American Interest*, 4, 2 (Nov. 2008)

90 A. Blok, "The Scythians" (1918)

ACCEPT THAT A PURE CONTAINMENT POLICY TOWARD RUSSIA IS NO LONGER POSSIBLE

Writing to his friend Friedrich Engels in 1863, Karl Marx declared:

*"... who measures world history by... what he happens to think are 'interesting news items,' could regard twenty years as more than a day when major developments of this kind are concerned, **though these may be again succeeded by days into which 20 years are compressed...** [emphasis added]."*

No-one can be in any doubt that since Putin launched his *blitzkrieg* attack on Ukraine on Thursday 24 February, we have lived through such intensely transformative weeks that it has made root and branch revision of the assumptions and actions advocated in the Integrated Review not merely desirable but now mandatory.

After that Thursday in February, a five-week period followed during which the Free World powers, led by the US in tandem with Prime Minister Johnson, rediscovered their will to resist aggression. By the time of the revelations of the massacres around Kyiv, and the passing of important diplomatic way-points such as the condemnation of Putin's aggression by 141 nations in the Extraordinary Session of the UN General Assembly on 2 March, opinion migrated from containment to the other pole in the long standing debate on handling Russia. By that time, (the sixth week of Putin's war) Putin had lost 30 per cent of his fighting power and experienced his modern Tsushima with loss of his Black Sea flagship, followed by loss of additional naval capabilities.

Thus, in this latest stage of the long debate between advocates of containment and of transformation, Putin has swung the majority to the latter. Had the aggression against Ukraine not occurred, it is highly likely that Free World policy would have remained at the containment end of the spectrum of policy options. Indeed, most interested experts, including many authors of this paper, did not expect the clear intelligence signals of the military build-up to translate into a full-blown invasion. These moves were interpreted by many as the background to sabre-rattling aimed to split NATO and to intimidate Ukraine into compliance with Putin's demands for Ukrainian demilitarisation, renunciation of NATO membership, and other infringements of Ukrainian sovereignty. But they were wrong. By Putin's decisions, the Free World has moved collectively to the 'Mackinder' end – the geo-political end – of the Russia-management spectrum.

Putin's war has also had the effect of more closely connecting Free World management of the larger, longer term threats presented by Xi Jinping's China Dream with the shorter-term and aggressive moves from Putin. The aggression against Ukraine has had a reflexive impact upon the Free World's Taiwan strategy, making the military guarantees less subtle and the Eastern force posture more pronounced. Japan's position is of special significance in this.

Moreover, a future defeat of Putin will clarify materially the complex contradictions in India's standing as a natural party to the Commonwealth and democratic free-trading world. Currently, President Modi has chosen to stand aside from condemnation of Putin's aggression while ramping up purchase of discounted Russian energy supplies now seeking markets that are embargoed elsewhere.

All of this means that, whatever the mistakes that many argue the US and the EU may have made in recent years with regard to Russian policy, Putin's actions have rendered these arguments moot. There is little point in rehearsing past debates, regardless of their potential merit back then. We also now know, whatever the ultimate outcome of the Ukraine war, that the Russian government's military strategic grasp is prone to mistakes and its war machine riven by major weaknesses.

POLICY CHOICES

The critical question is, where do we go from here? In answering this question, we must remember that the focus of this paper is on policy toward Russia – not on the war in Ukraine. Nevertheless, the war inevitably informs our longer-term policy toward Russia.

General Sir Nick Parker, who commanded OP ORBITAL - the training mission that turned 22,000 Ukrainian soldiers into an army on the British model, with the resilience and nimbleness of Mission Command - has wisely urged firm, quiet ramping up of support for the Ukraine Armed Force as part of a three-pronged combined effort along with economic and diplomatic efforts.

The former Prime Minister of Australia, Tony Abbott, has considered this question also and the threat of nuclear use by Putin in particular: ⁹¹

The main reason Putin thought he could easily overcome Ukraine was because it lacked the protection of NATO membership and its Chapter Five guarantee that an attack on one will be treated as an attack on all. Equally likely, NATO declined Ukraine membership, knowing Putin's designs, and fearing being drawn into war with Russia. But, like America before Pearl Harbor, war is now an inescapable reality. NATO – Britain, especially – is offering all the help it can, short of giving battle itself. Deep down, every Western leader knows the Ukrainians are fighting for the freedom of all. A Russian win would confirm the cynical view that that might makes right. It would ring down a new iron curtain in Europe, and embolden Moscow's "no limits" partner in Beijing. A Ukrainian win would echo down the ages; proof that courage and resolve can overcome even the most daunting odds.

While he has spoken of Russia's nuclear weapons in virtually every speech since 2015, so far Putin has shied away from use; and US Intelligence has publicly declared that it sees no precursor signs. Nor, as mentioned earlier, has he dared to declare a general state of war with its inevitable admission of defeat thus far. But Abbott does not dismiss the possibility of either and in our view is right not to do so. Putin has a record of doing what he says he will do.

Abbott suggests one way forward:

One possibility might be to make it clear that any use of nuclear weapons would guarantee Ukraine's immediate NATO accession. Though no threat of nuclear retaliation or of an attack on Russia itself, this would mean Ukraine would no longer fight alone and make the current battlefield impasse the best outcome Russia could hope for.

These are important recommendations but they are at the strategic operational level. What should be our stance be at the strategic political level?

Strategic Political Policy

We believe our guiding principle should be recognition that Ukraine is an allied democratic, free market, sovereign State and that our role should be to support its status as such by all necessary means. This means not dictating to the Ukrainians but allowing them to set their military and diplomatic objectives as expressed by a democratically elected leader who has the solid support of the people.

⁹¹ NATO Cannot Afford to Dismiss Putin's Nuclear Threats As A Bluff, Daily Telegraph, 8 May 2022

Their current objective is to win the war on their terms. If Ukraine subsequently decides to reach a settlement of some kind with Russia in the light of conditions on the battlefield, then it is not our job to pressure them into specified courses of action, as Henry Kissinger recently advocated. Our subordinate principle is to avoid expanding the war.

Taken together, the above leads to the following outline near-term policies:

1. Supply the Ukrainian forces with the weapons they need to prevail on the battlefield without undue concern as to how Russia may react
2. Put the necessary measures in place to guarantee the free passage of grain and other food shipments - eg, ship convoys - through the Black Sea (a direct echo of Mackinder's 1921 paper)
3. Take the diplomatic lead in supporting other nations in adopting the same steps and refute appeasement policies to the contrary emanating from Brussels, Berlin, Budapest or Paris
4. Reach around Putin and his *siloviki* to express our solidarity with those Russians who long for the type and level of democracy in Ukraine that Putin and his clique saw as such a mortal threat to their autocracy

In the longer-term:

1. Establish the modern equivalent of a Marshall Plan for Ukraine in conjunction with the United States and other like-minded countries
2. Make it clear that, if and when Russia is able to purge itself from this terrible episode, we will, of course, be prepared to return to normal relations
3. Support efforts to prosecute Putin and his close associates of war crimes, best done by the Russian people themselves under Article 353 of the Russian Criminal Code (the crime of aggression).

On the whole, the above is a reflection of what UK Government policy is today, and they are to be commended for setting this direction.

Rejection of Alternative View

We are quite aware that there are a number of observers who hold different views to ours, some of whom are like-minded with us on most every other political issue.

These views generally hold that somehow the West is at fault for provoking Putin into invading Ukraine; that Ukraine is not a real country and in part justifiably belongs to Russia; that Ukraine has no moral standing as it is equally as corrupt as Putin's Russia; that *realpolitik* suggests that Russia ultimately will win the war, and that the West is subjecting Ukraine to a needless war and sacrificing the lives of Ukrainians, as well as causing unnecessary economic damage and creating risk for the West. The solution, in this point of view, is to stop the war now and impose a brokered peace that usually involves ceding parts of Ukraine to Russia in return for undertakings by Russia to leave the rump of Ukraine in peace.

In our view, we believe the underlying reasoning and the proposed policy of appeasement should be rejected. While it is certainly true, as explained above, that the West did not deal with post-Soviet Russia as cleverly as it might have done those arguments are a spent force. We are where we are and must look at today's post-invasion situation in the light of the failure to contain Russia. We believe that Ukraine is a sovereign State. Failure to support such a State, where a democratically-elected leader with strong support from people willing to die for the country, would have long-term negative consequences for the world. Positing moral equivalence of Ukraine's government to Putin's is repugnant. Finally, if the Ukraine government decides in the light of events that a *realpolitik* settlement is in their interest, that is their decision – not ours.

VI – SHIFTING TO A MORE OBJECTIVE AND COUNTRY-FOCUSED EUROPEAN FOREIGN POLICY

The UK cannot continue to engage with the EU as it did prior to 2019. The fact of Brexit inevitably changes its relationship with the EU as it ceases to be an internal member and instead becomes an outside observer. However, the EU is also in a state of political flux which necessitates adaptation in the UK's approach.

The most salient point about the EU is that it is an organisation in trouble, divided along political, economic and cultural lines. Since the financial crisis at the end of the 2000s, the EU has been characterised by policy paralysis in Brussels and the devolution of decision-making to national capitals and *ad hoc* alliances of States. The Eurozone also remains under continual stress. At a minimum, it will underperform economically. In the longer term, it is unlikely to survive, at least in its current form. If a large member such as Italy and Spain were forced out, the resulting shock could bring down the Eurozone as a whole and the EU with it.

At the same time, the EU remains the UK's closest neighbour in which it has multiple interests. It is the main market for British exports and the source of most of our imports. The EU's problems, whether economic hardship or political instability are, by definition, also our problems, felt in the form of political acrimony, a decline in trade and investment and pressures of migration. The EU also includes many of the UK's closest allies, particularly in its north and east, which the war in Ukraine has brought into focus.

These realities should be at the centre of British thinking when developing a post-Brexit policy towards Europe. However, while the challenge for the UK is to maximise the opportunities presented by its relationship with the EU and to mitigate the risks emanating from it, many questions remain. Is it in our interest for the EU to be weak or strong? Do we want it to deepen or enlarge? Which parts of the EU's complex political organisation should we focus on? How can Britain protect itself from the EU's problems?

Fortunately, Britain has multiple levers of power it can pull in pursuit of its interests, provided it is willing to use them, above all its role of a guarantor of its security on the continent and the strength of its economy. Moreover, now it has left the EU, the UK does not have to accept damaging measures such as regulations designed to serve the interests of other EU members or an open-door immigration policy, to secure its interests. Instead, the UK can and should do as it has always done – continual relationship and alliance-building by a diplomatic service and political class which is committed to the national interest.

VIEW THE EU'S RELATIVE IMPORTANCE AND MOTIVES OBJECTIVELY

Of the many national mind-sets that Britain needs to change, one of the most important (and perhaps one of the most difficult) is the unthinking acceptance and reverence toward the EU as Britain's most important partner, as a friend and a major power guaranteeing Britain's existence, as an honest broker of Britain's global interests, and a unified political entity with views that are somehow superior to our own. In addition to the obvious pro-EU and anti-Brexit politicians and activists, this mind-set is entrenched deeply in large parts of the civil service and among politicians.

The Path to Brexit

After the fall of the Berlin Wall in 1989, the European Economic Community (EEC) of ten democratic trading nations, first founded in 1956, expanded voraciously into a twenty-eight-member bloc. Soon after, it morphed into a 'Union', a borderless confederation founded on principles of subsidiarity and proportionality that saw national State sovereignty progressively eroded. Former French President Giscard D'Estaing extravagantly announced to the drafting committee for the federalist European Constitution, which he chaired - the actual drafting shared with Sir John (now Lord) Kerr - that for this work equestrian statues would be erected in the hometowns of the committee members.⁹² The Constitution ran into difficulty in States with strong national identities. But there is no reverse gear. So it was recast and the Treaty of Maastricht of 1992 led to the Lisbon Treaty of 2007 that framed the impenetrable constitution of this new, increasingly centralized, body politic.

A number of the European Union's States tried and failed to resist this remorselessly undemocratic process. Founding members of the EEC, France and the Netherlands, held referenda that rejected the proposed European Constitution in 2005. To no avail. Similarly, Ireland twice held referendums that rejected the 2001 Treaty of Nice and the Lisbon Treaty. Rather than respect this popular mandate, Irish governments held further referendums until they secured the Commission-approved outcome. In an equally autocratic vein, the European Commission and the Troika overseeing Greece's economy, debilitated by the Eurozone crisis, effectively overruled the Greek referendum result of 2015 that rejected any further financial bailouts.

Many members of the British political elite thought they could nevertheless influence the direction of travel in a manner satisfactory to the EU, despite a complete absence of evidence that they had understood the nature of what they were dealing with (particularly in respect of the euro. Central to this was the attempt to use currency integration to drive political integration in a context where sufficient public affirmation of 'The Project's' legitimacy was absent. It has proved to be a regional disaster and, in retrospect, was the high water mark of the EU 'project of union'.

Despite the determined European effort to reverse the 2016 Brexit decision, reinforced by a Remainer political and business elite in London, Britain eventually succeeded in leaving the Union. Brexit exposed and was a democratic rejection of the sclerotic and increasingly bureaucratic project of ever-closer union.

In Brexit, the pro-EU establishment and Brussels institutions experienced an unprecedented reversal. The bitter nature of the divorce proceedings has implications not just for the UK, but also for those Member states increasingly dissatisfied with Brussels, France, and Germany's political and economic dominance of Europe.

Indeed, Brexit made clear that it is a mistake to think of a thing called the EU, the nature of which can be defined. It has been said that the EU is a slow-witted beast with many small brains, pulling it in contradictory directions. Brexit also exposed the EU's already faltering economy, opaque political processes, and dangerous, futile defence ambitions which revived in November 2016 as a direct reaction to Brexit.

92 Gisela Stuart, *The Making of Europe's Constitution*, Fabian Society, 2003 <https://www.fabians.org.uk/wp-content/uploads/2012/04/TheMakingOfEuropesConstitution.pdf>

Post-Brexit Political Outlook

The position of the European continent will always occupy a place in British strategic thinking. But it will no longer be the central preoccupation that it became in the period of British membership of the EU. The declining continent is no longer (if it ever was) the world's economic or political cockpit.⁹³

In its current state, it is also a source of phenomenal financial risk to the world, arising in part from the legal architecture of the half-built Eurozone, and in part from its legal methods and defensive (particularly mercantilist) modes of reasoning that are at odds with our own. Its arrangements (particularly those of the Eurozone) are in material breach of various global financial standards (the Basel Rules⁹⁴) and trading standards (the WTO rules⁹⁵). Unfortunately, the UK has colluded in that.

The EU often appears irrelevant on international policy matters. For example, The EU offers no coordinated or coherent policy response either to China's growing political and economic influence in Eastern Europe, Italy and Greece or Russian irredentism in the Ukraine. The Covid-19 crisis of 2020 underlined its irrelevance, in particular revealing the lack of solidarity in the face of the spreading contagion. The European Union's Commissioners ultimately will also have to recognise that the neglect of Europe's borders, and its hostility to NATO as Europe's sole credible military guarantor, has revealed the EU's weakness and exposed it both to transnational terrorism and the rise of revisionist powers.

In the meantime, the Eurozone's structures operate in the interests of Germany and, to a lesser degree, France.

- With the passage of time, the premature creation of the euro might in due course be seen to have been one of the greatest geo-political errors of the last part of the last century, leading to the paralysis of the EU.⁹⁶
- The theoretical alternative is that the euro, as its creators intended, will be seen to have laid the foundations for a single State and forced the pace of integration to that end. Such an outcome would be undesirable for the UK since it would be a significant continental power constructed in a manner hostile to UK interests. However, at the moment this outcome seems highly unlikely.

Since there is no EU demos, its very existence requires a centripetal force to hold it together, particularly in achieving the sense of an EU identity requiring the erosion of patriotic sentiments. Without radical surgery, the economically and strategically weakened EU could change form significantly.

Financial Risks of The Eurozone System

Having set up the euro as a common currency, with the European Central Bank providing a crucial institution of a quasi-State, the EU has nevertheless failed to come to an agreement on fiscal matters. This is the most explosive topic of them all. Until there is agreement from the Member states to accept joint and several liability for debt, issued by the Eurozone as a whole, to finance the day-to-day operations of the zone at a federal level, there will be no (truly) sovereign debt in issue in the Eurozone. For the Eurozone scheme to be robust in law, the debt of the Eurozone itself would need to involve mutualised liability for all of its Member states. But the financial and political cost of the mutualisation of debt obligations would be huge.

93 Stephen Fidler, 'What's Behind the EU's Decline?' Wall Street Journal, 19 January 2020 <<https://www.wsj.com/articles/whats-behind-the-eus-decline-11579462041>>

94 See Managing Euro Risk, supra.

95 See David Collins, How to Level the EU's Playing Field – Trade Remedies for a Trade Deal, Politeia, April 2020.

96 For a detailed history, see Ashoka Mody, *Euro Tragedy: A Drama in Nine Acts* (Oxford, 2018). See also G. Prins, 'The EU is at clear risk of collapse – and the 'remainiacs' just don't see it.' *Briefings for Britain*, April 2018 <https://www.briefingsforbritain.co.uk/eu-at-clear-risk-of-collapse-warns-major-new-report-by-gwythian-prins/>

Without that, however, the EU is forced to treat the (sub-sovereign) debt arising at the level of each individual Member State as risk-free and akin to cash (ie sovereign), when it is not. Otherwise, vast costs would otherwise arise if the international Basel requirements for the management of risk arising from sub-sovereign debt were to be properly applied. Thus, the EU's current approach leaves the EU financial system exposed (in law) to trillions of euros of unmanaged risk.

Right now, Germany has the golden benefits of the EU scheme without paying for them. These comprise an artificially low currency (dragged down by southern Member State debts for which Germany assumes no liability), unfunded subsidisation (in practice) of Eurozone buyers for their products (through the Eurozone payments system, TARGET2, which involves fiscal transfers made by book entries which are never settled), and an artificially cheap banking system (which operates on the fiction that the Member states' funding for the zone is federal, ie sovereign at the level of the Eurozone, which controls its own central bank, and therefore risk-free). The system is currently leveraged on huge amounts of borrowed monies, affecting the balance sheets of the periphery in particular. The music continues to play and ever more ingenious methods are being found to disguise the level of borrowing, and its implications. The accounting treatments are already highly opaque.⁹⁷

This cannot any longer be allowed by the UK to pass unobserved, since the adverse political consequences of the resulting contradictions and instability of the scheme for citizens across the EU and beyond are vast. Massive financial and economic risks arise from these arrangements. The global financial market and other States are allowing the system to continue on the assumption that Germany will bail it out if necessary, and yet the legal liabilities (and the resulting accounting treatments) do not match that assumption. This means that the EU as a whole, and the rest of the world, is exposed to the constant risk that Germany will, if a crunch arises, insist on its strict legal entitlements, and refuse to honour the basis on which the market, its fellow Member states and other States around the world are interacting with the zone.

In terms of Britain's financial exposures to any fallout from disruption in the EU project, we must ensure that our financial system is properly capitalised to cover the risk. When we were inside the EU, the EU financial system interacted with the global financial market almost entirely in the UK (since London is one of the two global financial centres). Uniquely, our regulators mitigated Eurozone risk by levying top-up capital requirements, calibrated to address that risk, on financial firms incorporated here.⁹⁸

Now we are outside the EU, the EU markets still rely on the UK for their access to global capital flows, but the EU (led by France, and to some degree Germany) is endeavouring to pull financial business out of London and into the EU (principally Paris or Frankfurt) on the basis that this is somehow "their" business. If we continue to facilitate these attempts by the EU to drag financial business to its shores, as we have already been doing since the Brexit vote, this will lead to a massive build-up of further, unmanaged Eurozone risk, to the detriment of the world, including the UK. In order to counteract that risk, we should introduce a requirement (ideally in coordination with the US, which should have similar interests to ours in this regard) for all UK-based and US-based financial firms to manage their exposures to EU financial institutions on the basis of a 'worst case' assessment of the exposure of those EU financial firms to Eurozone risk, because we know that EU rules do not require those institutions to address that risk, with the result that it lies unmitigated on their balance sheets.

97 See eg. *Managing Euro Risk*, *supra*, Technical Analysis, Chapter 3.

98 See *Managing Euro Risk*, *supra*, for further detail on the points in this paragraph.

In addition, UK-based financial institutions should be asked to find ways to service EU customers cross-border, from the UK. This would involve bypassing trade with EU financial institution intermediaries (including EU financial firms which are subsidiaries of global UK and US firms), thereby removing our exposure to risk contained in the Eurozone financial system entirely.⁹⁹ The UK could alternatively offer the EU a trade deal in financial services which reinstates the broader ability for UK financial firms to service their customers across the EU cross-border from the UK, in a manner similar to that which arose when the UK was within the EU.¹⁰⁰ The basis for this would be that we could better manage Eurozone risk while the EU considers, over the next 20-30 years, whether and when to integrate into a single political unit, thereby removing the dangers of the current arrangements. In either case, this would of course mean the EU fails in its attempts to pull business away from the UK, but these attempts cannot be allowed to succeed since they put the UK, the US and the world's financial system in jeopardy.

As soon as possible, the British government or the Bank of England should carry out and publish a proper study of Eurozone risk and its management.

See Annex D for a more complete explanation.

Lessons from The Ukraine War

Whilst Europe's political class naively eschewed geopolitics, geopolitics happened on its doorstep. To adapt Trotsky's aphorism on war, 'you may not be interested in geo-politics but geo-politics is interested in you'.

Subsequently, the EU has struggled to develop a coordinated response to the crisis in Ukraine amidst disagreement among its diverse members and the shock of the onslaught to some of the EU's more idealistic members who have long preferred to deny the realities of geopolitics – national interests, strategic competition in the international arena, and a willingness to use physical force as a tool of politics.

The war in the Ukraine has shone a powerful searchlight on the workings of the EU, which has been found to be lacking not only in military capability but, more importantly, in resolve, direction, and unitedness. Germany has been the greatest disappointment with France not far behind:

- The Germans, meanwhile, experienced bitter recriminations about the chronic lack of preparedness and capability that the recent chancellorships had allowed, which was used as an excuse for refusing to transfer heavy war-winning equipment to Ukraine
- Scholtz quickly retreated from his initial rejection of the *ostpolitik* of his mentor Gerhard Schröder. The termination of Russian gas and oil imports initially were diluted and pushed off into indeterminate future times before being partially restored subsequently
- A group of German academics signed a letter urging that Ukraine be surrendered to Putin in the interests of 'peace'
- The German Ambassador to Georgia endorsed the arrest in Georgia of Ukraine Brig Gen Georgi Kalandadze, one of Ukraine's leading military strategists, on dubious charges concocted by the Russian-influenced regime in Berlin. Only the intervention of a Brandenburg prosecutor ended the imprisonment when on 2nd March when he handed the General his passport and told him to go and command his troops

⁹⁹ See Managing Euro Risk, *supra*.

¹⁰⁰ This can be achieved by making minor amendments to EU laws which allow third country firms to service EU customers cross-border, solely under their own laws and regulations, so long as these are "equivalent" to those in the EU. Draft text which would achieve such an outcome is set out in Barnabas Reynolds, *A Template for Enhanced Equivalence: Creating a Lasting Relationship in Financial Services between the EU and the UK*, Politeia, 2017.

- In contrast to the single-mindedness, efficiency, and demonstration of resolve with which Western sanctions, including the Swiss, undermined the Russian economy, it was, once more, Germany and France that proved to be the weakest links. The Renault production lines in Russia re-started during the first month of the war. While other western oil majors ceased to operate in Russia, the French oil company Total continued to do so.

However, there were occasional flashes of light against these dark spots. For example, Italy was conflicted by its heavy dependence on Russian energy but nonetheless played a co-operative but low-profile part in the rapidly coalescing NATO solidarity. Turkey was likewise conflicted; but its Bayraktar armed drones played an indispensable role in Ukrainian defence. The Baltic States called in their need for defence and were not disappointed. To be fair, Germany has at last woken up and is spending an extra 100 billion euros on defence.

Thus, the bigger and more grandiose the EU becomes, the more it is exposed as an enormous paper tiger (how many divisions has the EU?) that is increasingly irrelevant on the world stage. Once it mattered what West Germany or France thought, now does anyone care? It has limited military forces, and inclination to fight.

Britain, as one of the few European bloc countries with an advanced operational expeditionary military capability, will continue to respect its treaty obligations and support NATO, but, like the US, will look unfavourably on those wealthy European States that fail to fulfil their defence obligations. This was demonstrated even before Brexit by Britain's involvement in training Ukrainian defence forces. In the approach to the present crisis, Britain was the first and most effective practical supporter of the Ukrainian resistance to invasion, and has provided a clear lead in providing arms to Ukraine and imposing sanctions on Russia.

In short, the invasion of Ukraine has initiated a new European era of *realpolitik* where States once again recognize the need for a balance of power in Europe and where increasingly independent States, with very different historical experiences, prudently pursue their national self-interest.

In sum, the policy-relevant point of this section of the paper is that the EU is an organisation in serious trouble; and therefore this reality should be at the centre of British thinking when developing a policy towards Europe.

ESTABLISH A NEW OBJECTIVE POST-BREXIT POLICY TOWARD EUROPE

The UK may be out of the EU, but it is not out of Europe, meaning Britain must remain an active player in European affairs if the country is to uphold its vital interests. For as long as the EU survives, the UK therefore also have to deal with it, in all the EU's complexity.

However, the UK is now an outside actor rather than a part of the EU and it should maximise the opportunities and minimise the risks that follow from this. That means recalibrating its approach to the continent by dealing with it as it does any other part of the world, albeit one which is close to home, and doing so as a matter of obligation. Apart from anything else, the vote to leave the EU was a demand that Britain pursues a different kind of relationship with Europe.

How We Should View the EU

It is vital to understand that the EU is not what it purports to be. Our elite have taken it at the face value of the rhetoric.

Therefore, the UK needs to see the EU for what it is – which is a half-complete political project, constructed in a manner that creates financial risk to the UK and those around it, and whose fatal flaws in the current governance architecture leave it far short of being a single unit, capable of acting in the way its protagonists suggest. In law, the EU operates as a bloc for trade purposes, as the Eurozone for monetary purposes, and as Member states for fiscal purposes.

The UK also needs to recognise that the EU's structure and problems means it no longer has a fixed or coherent policy on anything, including Britain. Certainly, the institutions and some western European politicians are angry at Britain but others on the continent bear no animus. Hungary, to take but one example, has always blamed the EU for 'losing' Britain rather than Britain for leaving.

The EU's incoherence is an opportunity for the UK. It is time for us to stop obsessing about Brussels and build bilateral friendships across Europe. Brexit means Britain can again give leadership and support to weaker European States and enhance its own interests at the same time.

This will mean collaborative alliances in terms of security and economic ties with the Baltic and the Central European States, which will view the UK as an important ally. Ukraine presents an opportunity to accelerate this change, since it has shown up clearly some of the underlying problems of the current EU structures and arrangements.

A New Framework for EU Policy

In short, once the UK has resolved the current Brexit exit issues, it needs to address its interests individually with the countries of the EU just as it does with any other country. For example,

- **Resolve the unfinished business from Brexit**, including resolution of the Northern Ireland Protocol and fishing rights in the English Channel
- **Encourage the EU to support Ukraine**, which will need to be anchored to the West once the war comes to an end
- **Harness Europe for the economic benefits it can bring via free trade and investment.** In coming years, the UK must ensure that the continental market remains open and welcoming to British investors
- **Develop collaborative alliances in terms of security and economic ties** with, for example, the Baltic, the Central European States, the Netherlands, Denmark, Sweden, Finland, etc
- **Leverage European allies to achieve the UK's broader international goals.** We should focus on bilateral relationships via our embassies with friendly States in northern and eastern Europe where the UK can leverage its shared interest, security guarantee and the strength of its economy
- **Recognise that the Eurozone is stuck in a low-growth trajectory** and diversify economically, opening up markets elsewhere in the world
- **Encourage the EU to resolve its structural problems**, including efforts to help the Eurozone unwind in an orderly manner that avoids serious destabilisation¹⁰¹
- **Prepare for a potential economic and political shock if the Eurozone fragments or collapses altogether** by ensuring the UK's financial system is properly capitalised to cover the risk

¹⁰¹ See Managing Euro Risk, supra.

VII – INCREASING SUPPORT TO OUR INDO-PACIFIC ALLIES

It has become a media cliché to talk of the 21st-century as the Asian century just as the 20th century was the American century. And, there are many reasons to be optimistic about the economic prospects for the Asia-Pacific region and India over coming decades.

Of course, China will be a major driver of economic growth throughout the region. As China's economy continues to grow – albeit much more slowly – , it will become an ever-expanding market for other regional countries.

However, if China were to dominate the region and reduce other regional countries to nothing more than client States, that in time would create real tensions. These tensions could easily spill over into localised conflicts or worse. Therefore, a power balance in the Indo-Pacific region is required. Only then will China's further enrichment be peaceful and successful.

Fortunately, there is much more to the region than China. Japan and India, the world's largest democracy, are the third and fourth-ranking world economies. And, Indonesia, the third most populous democracy in the world and the fourth most populous country, is increasingly opening its economy and focusing on achieving higher rates of economic growth and improved per capita incomes.

Therefore, this chapter sets out the role Britain can play in supporting the Indo-Pacific power balance in general, as well as specific ways it can support the two major-non-Chinese players in the region – Japan and India – in providing this balance.

SUPPORT THE INDO-PACIFIC POWER BALANCE

In the 1960s and 1970s, the UK gradually withdrew from what today is called the Indo-Pacific region. Whereas once the UK had controlled territories, had naval bases, opened trading stations and exercised great political influence, after 1973 the presence of the UK in the Indo-Pacific region became negligible.

Britain's Indo-Pacific Withdrawal

Beginning in 1968, the Wilson government withdrew from East of Suez closing its naval facilities in Singapore. In 1973, after joining the EEC, Britain's economic and political interests in Asia declined precipitously. Ministerial visits to the region were rare and indeed there was a period of 17 years between 1995 and 2012 when there was no visit by a British Foreign Secretary to Australia. This was symbolic of the British establishment's loss of interest in the Indo-Pacific region as a whole and the UK's close partners in the region specifically.

After years of neglect, the UK needs to re-engage effectively and constructively with the Indo-Pacific region. If the UK wants to play a major global role post-Brexit, it needs to be a key player in the Indo-Pacific. In the years ahead, the weight of the global economy increasingly is going to tilt to the east as China's economy remains large and, importantly, as countries like India and Indonesia become increasingly important political players and economic actors. In its economic, security and political interests, the UK cannot afford to leave itself out of the dynamic architecture of the Indo-Pacific region.

As a permanent member of the United Nations Security Council and as a country with long historic ties to Asia, the UK is well-placed to re-engage effectively with the region. And, now free from the EU the UK has a significant role to play in the Indo-Pacific region once again. Joining the CPTPP is vital, following the AUKUS agreement. Here the UK has an opportunity to encourage the US to commit to the CPTPP and, by so doing, reduce China's involvement.

China's Stance Toward the Indo-Pacific

Notwithstanding the huge challenges the West faces from a revanchist Russia, the single most important geo-political issue in the world today is the rise of China and how to manage that unfolding phenomenon. History is replete with examples of rising powers clashing with status quo powers because the change in the political landscape has not been thoughtfully and carefully managed.

Already, China is following the familiar path of a rising power: its economy is strengthening and is now the second largest in the world. It is using some of its newfound wealth to invest heavily in sophisticated military equipment with a growing force projection capability. And inevitably, as a major power, it is expanding its economic activity and its influence well beyond its immediate neighbourhood. But like all such powers, especially authoritarian ones, China risks over-reach and as Hu Wei's kite-flying paper told us, some at least in the CCP recognize fragilities and vulnerabilities.

China is not trying to convert other parts of the world to its political system in the way the Soviet Union did for much of its existence but through the Belt and Road Initiative it is trying to subjugate countries particularly in the Indo-Pacific region – reducing them to client States. When Indo-Pacific countries—and others further afield—have fallen out of line, China's government has responded with vigour and punishment.

- Australia called for an international investigation into the cause of the Covid 19 outbreak which somehow angered Beijing. China retaliated by imposing a series of economic sanctions on Australia.
- Japan had economic sanctions imposed by China when China and Japan were in dispute over the Senkaku/Diaoyu islands.
- Lithuania is currently subject to sanctions by China because it allowed Taiwan to open an office in Vilnius.
- South Korea had sanctions imposed on it when it made the decision to allow American anti-missile systems to be installed to protect it from an increasingly belligerent North Korea.

This extravagant and aggressive activity simply exposes its objective: to turn the nations of the Indo-Pacific region into tribute States beholden to Beijing and subject to China's whims.

In response to the coercive activities of China, the democracies of the Indo-Pacific region have moved closer together. Australia, Japan, India and the United States have strengthened an arrangement, the Quad, to demonstrate that they will not allow China to coerce them and dominate the region.

For the UK, China is an important economic partner but the UK needs to be awake to the nature of the regime in power in Beijing. This is an autocratic government with scant regard for international norms of human rights. It has

- Abrogated the agreement with the UK on Hong Kong known as the Joint Declaration
- Ignored international law by asserting sovereignty over the whole of the South China Sea
- Breached international human rights standards in Xinjiang.

The regime in Beijing is not, then, a regime that sits comfortably with the norms of liberal democratic societies and the international rule of law. Managing that relationship is one of the major challenges of our time.

A Balanced Indo-Pacific Policy

The UK needs to pursue a balanced strategy towards China. It would be a mistake for the UK to pursue a policy of containment towards China. Cutting off trade, severing financial and investment relations and generally trying to isolate China would simply increase the level of animosity between the UK and China without achieving anything constructive. Therefore, the UK should remain engaged with China economically but be wary of China using investments in the UK to influence British interests. The UK needs to be particularly protective of critical national infrastructure and be prepared to deny Chinese investment in that type of infrastructure.

Although the UK should continue to engage with China, as a major power it should also contribute to establishing and maintaining a balance of power in the Indo-Pacific region. This balance of power is underwritten by the presence of the United States in the region and its network of alliances, particularly with Japan, Australia and the Republic of Korea. But post-Brexit British diplomacy should ensure that the UK itself contributes to that balance of power.

That should be achieved through three constructive measures the British government should take.

1. **The British government needs to re-engage in the Indo-Pacific region after decades of neglect of that part of the world.** That means more than just economic engagement. The UK needs to be engaged in the security architecture of the region particularly in its capacity as one of only five permanent members of the United Nations Security Council.

In terms of security engagement, the UK needs to invest in making the Five Power Defence Arrangements with Australia, New Zealand, Malaysia and Singapore more proactive and constructive. This would involve sending UK armed forces in greater numbers to participate in five power defence arrangement exercises and investing in more frequent ship visits by Royal Navy assets to the Indo-Pacific region. The UK should also base a Royal Navy warship in the Indo-Pacific region, possibly at an Australian naval base but alternatively in Singapore or Japan. This warship could be used to help with natural disaster assistance in the region where necessary as well as providing a useful contribution to regional security.

The UK needs to be prepared to engage constructively with the Quad including by participating in Quad military exercises. At some point in the future the UK could reasonably aspire to become a member of the Quad. The Quad is an essential piece of regional architecture which contributes to balancing Chinese power in the region. Although not an Indo-Pacific country, UK post Brexit has global interests and global responsibilities and playing its part in the power balance of the Indo-Pacific region would be a valuable way of contributing to world peace.

2. **The UK needs to become more heavily engaged in the political architecture of the Indo-Pacific region.** Already the UK has become an ASEAN dialogue partner which is a useful first step. It also needs to become a full member of the ASEAN Regional Forum, the premier forum for ministerial level dialogue on Indo-Pacific security issues. The UK should also express an interest in engaging with the East Asia summit process. Although it is unlikely the UK could become a full member of the East Asia summit, it may make sense for the UK to express an interest in observer status.

Although the UK should work to upgrade its bilateral relations with all the region's countries, it should place particular emphasis on strengthening its relationship with India. Now is the perfect time to do so. The Indian government is anxious to build closer ties with key western countries to offset the power of China and given the UK's historic relationship with India is perfectly placed to invest politically – as well as commercially – in what will soon become the world's most populous country is already its largest democracy.

The UK should also overturn years of neglect of the relationship with Indonesia. This is the world's third-largest democracy and the largest Muslim country on earth. Building a relationship with this vast country is essential if the UK wants to play an important role in East Asia. Indonesia constitutes around 50% of the population of ASEAN and at times has been by far the most politically powerful country in ASEAN.

The UK should not neglect the Pacific islands region. This is becoming increasingly a region of intensifying competition between China on the one hand and the United States and Australia on the other. China recently purchased a change of recognition by the Solomon Islands from Taiwan to Beijing, and the signing of a security agreement. That underlines the nature of that competition. The UK has traditional ties with many of the countries of the South Pacific and its presence in the region would be warmly welcomed by Pacific Islanders. Already the UK has opened new diplomatic missions in Samoa and Tonga. It should also ensure there is a steady flow of ministerial and high-level official visits to the region as well as the occasional visit by Royal Navy vessels.

During the life of the Blair government, the UK terminated aid to the South Pacific. This decision should be reversed and UK should resume aid in particular to Pacific Island nations like Fiji, the Solomon Islands and Papua New Guinea. This would contribute to steadying the power balance with China.

3. The UK should continue to invest heavily in building trade relations with the Indo-Pacific region.

Upgrading its current free trade agreements with Japan and South Korea would be an important start. So far these are just rollover agreements from EU membership and they should be expanded to become substantially more liberal and open.

Likewise, the UK should continue to work towards a genuine free trade agreement with India. Already the UK has begun this process but there is much work to be done.

The UK has made a decision to apply for membership of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). This is a wise decision and the UK is likely to gain admission over the next two or so years. To participate in the CPTPP will give the UK entrée—relatively free of tariffs and other forms of protection—to the huge markets of 11 economies in the Indo-Pacific region. As a member of the CPTPP, the UK should work to getting the United States to re-engage with that trade agreement. This would be a low profile but effective way of building free trade with the United States without specifically negotiating a bilateral free trade agreement with the Americans.

HELP JAPAN DETER REGIONAL PRC ACTIONS

Britain should not see Asia through American eyes. We have a distinctive perspective and direct relationships from our history in the region. The Anglo-Japanese Alliance 1902-23 (The Treaty of Portsmouth) resonates once more.

Japan's Perspective on China

Much of the tension in that region springs from the long-standing competition between the historical empires of Japan and China, a competition that continues on a different footing due to the post-war reconstitution of those countries but nonetheless with great intensity. Correctly from their own perspective, America tends to see its own relationship with modern China as the principal regional focus. However, this is not necessarily how it is seen in Beijing, where Sino-Japanese relationships have an importance that is less than obvious in the West.

China is concerned by Japan's immense economic, cultural and potential military power. Seen from Beijing, Japan is a cultural and indeed a familial renegade, and its invasion in the 1930s an act, almost, of *lèse-majesté*. They wish to neutralise this perceived threat, and to secure an obedient and respectful neighbour. In this its views are similar to Putin's views of the Ukrainians.

The Japanese, correctly, fear that a relationship reconfigured in this way would become a vehicle for revenge. But Chinese culture has enormous prestige in Japan, and though the Japanese population is enthusiastically Western in many respects, they acknowledge China as the fount of north-east Asian civilisation. Chinese poetry, literature and history is studied enthusiastically, and knowledge of these things is recognised as a hallmark of education.

Western intellectual achievements, particularly in the natural sciences and in philosophy and mathematics combine with the respect accorded to Western military achievements in the nineteenth and twentieth centuries but they do not give the West a pre-eminent authority in Japanese minds. This is particularly true of Western political practices. Japanese democracy is highly valued by the public, but we should understand that it is an import and still fragile.

Japan is rightly proud of its achievements post-war, delivering one of the most prosperous, contented and stable polities anywhere in the world, but if the West fails to offer real economic and military power to support that national independence, Japan's governments will reluctantly and with the heaviest hearts and terrible forebodings, necessarily accommodate their policy to avoid conflict with China in an effort to preserve their independence in the meantime and in the hope that China itself will mature and become less dangerous, particularly to Taiwan, an island with very close cultural and indeed personal connections with Japan.

China is well aware of Japan's views and position and is relentlessly bombarding the population with condescending and intimidating messages to the effect that their future belongs with the truly civilised cultures of the East not with the barbaric and now rotten West. The persuasive character of this propaganda should not be underestimated.

Sustaining Japanese Deterrence of China

Avoiding any reorientation of Japanese policy should be a major goal of the UK's foreign policy as it was at the beginning of the 20th century. This is both a duty to the Japanese people, whose democracy we have played a part in creating, and who look to the West for support in ensuring its continuation. It is also in the UK's self-interest.

Without Japanese support any attempt to contain an expansion of Chinese power in Asia will become extremely difficult. To provide sufficient encouragement and real support to Japan so that the geo-political calculus tips in our favour, Britain, alongside the other Western powers, needs to remain strong both economically and militarily, and to give that strength an Asian reality through close trade and military relations. Since containment of China is now the principal concern, coming before even our fraught relations with Russia, Anglo-Japanese relations have an extreme importance in our policy. While there is a nuclear deterrent threat behind all that, the stronger the conventional deterrent the more credible is overall deterrence.

This means the Free World must always ensure sufficient deterrent force to defeat the PRC localised actions in the South China Sea (SCS), or against Taiwan. Accordingly, five Free World battle groups deployed in the SCS (Two US carrier strike groups, one British one, a de-facto Japanese group, and the Royal Australian Navy) in late 2021. Nevertheless, the UK should refresh and deepen Anglo Japanese naval cooperation.

ADOPT A MORE PROACTIVE POLICY TOWARD INDIA

India, like Japan, is one of the key players in the Indo-Pacific that could act as a counter balance to China's dominance. That is why it's not only right but a must that the UK post Brexit should re-engage in the Indo-Pacific region. As it now turns out, our retreat from East of Suez was a strategic mistake in the late 60s in favour of a Eurocentric policy.

Even though, in the aftermath of the Russian invasion of Ukraine, India chose to abstain in the UN vote of condemnation, this is understandable. Annoying as it was for India to do this, we need to take in the realities of the strategic post-independence path India chose. Non-aligned India forged a relatively strong relationship with the Soviet Union but; In part, this was forced on them by the deteriorating relationship with China.

India's Historical Relationship with China

It is worth recalling the disastrous clash of arms between the two in 1962. The conflict was sparked when China Invaded Tibet. In response, Nehru granted asylum to Tibetan refugees including the Dalai Lama. China, furious at this snub, in retaliation, laid claim to the Aksai Chin and Arunachal Pradesh areas in the Himalaya's.

Then without warning, on October 20, 1962, China launched an attack on the border with India. Quite unprepared for this, India suffered a series of humiliating military defeats. With some 7000 killed, wounded or captured it wasn't just a lesson in how more militarily prepared China was but how ruthless they were when challenged. This poor relationship has continued, there was even a further serious military clash on the border that led to Indian soldiers being killed.

With China aligned with Pakistan, India looked for support from the Soviet Union, particularly in the supply of weapons. India is almost certainly the country that most worries the Chinese in the region.

India should be a natural ally.

India and the UK

The sub-continent of India and the UK have peculiarly connected historic roots stretching back to the early 17th Century.

It was [Sir Thomas Roe](#) who established the first embassy from the British isles to the [Mughal Emperor, Jahangir](#). When Roe left in 1619 he had secured an accord to trade from [Jahangir](#) and to establish factories in [Surat](#).

Fast forward to 2022, where India invested in some 120 projects, creating 5,429 new jobs in the UK. India is now the second-largest source of foreign direct investment after the US.

The existing non-governmental human ties between the UK and India have continued to grow. Some 2 million people of Indian origin live in the UK - the single largest ethnic group. Unsurprisingly, the UK's largest visa operation worldwide is in India and processed around half a million applications in 2011.

Much of India's recent growth into the top ten of world economies came about as a result of the reversal of the socialist, protectionist policies of Prime Minister Nehru and his successor, Indira Gandhi, in favour of economic liberalisation. Since this enormous change India has grown significantly and now ranks as the 6 largest economy, after the UK in nominal GDP and is the world's [sixth-largest consumer market](#). It boasts 140 billionaires, whose total net worth is around **\$596 billion**.

Of course there is great poverty in India as well but the potential for growth is enormous. Notwithstanding that, it has a younger population than China and India now, is second only to China annually in the number of graduates in STEM subjects (Science, technology, engineering and mathematics). To put this in context, this is four times the number of US STEM subject graduates each year.

India also has the second largest military force and the largest volunteer army. With over 1.5 million active and 5.1 million total personnel. The total budget sanctioned for the Indian military for the financial year 2019–20 was \$40 billion.

To cap all of this, perhaps the most important fact about India is that it is today the world's largest democracy with an independent judiciary and a legal system based on English Common law.

Re-engaging with India

In recognising the threat now posed to us all by China, the UK and the West will need to build alliances in and around the Indo-Pacific region. Forging a strong trade and military alliance with India must for the UK be paramount. The economic and political reasons are persuasive.

These broad themes should be translated into specific policy actions – eg,

- **The good intent of the UK will need to be demonstrated through the forging of a trade arrangement,** which should be seen as a key part of restoring our relations and alliance with India. It needs to be prioritised. Perhaps the best way to proceed is to settle the least contentious issues and get those underway, bypassing more difficult issues in the talks.
 - **An excellent, non-contentious starting point would be agreeing arrangements for having the brightest Indian Students at UK universities.** The UK should look carefully at dealing with the outstanding issue of how Indian students can afford to enrol at UK Russell Group Universities. This should be part of an agreement with the Indian Government. This would have the bonus of reducing the financial dependency of British universities on Chinese students and Chinese money.
 - **Having agreed access for the students, we can then turn to the more difficult issues such as migration.** Helping Indian Students into UK universities would go some way to helping that issue
 - **The trade arrangement should be aimed at making it possible for the UK to substitute much of what is produced in China** by switching to India and other countries in the Far East.
- **Strengthening the military relationship between the UK and India should become a precursor for a stronger alliance with the West** and it is this that the UK can and should play the leading role. The UK should cement once more a stronger military alliance with India.
 - **There never has been a better time to maximise the opportunity to make this work.** India recognises that Putin is no longer a reliable friend and they will not want to place their future reputation and fortunes in the hands of such a regime.
 - **UK technology on military weapons should be a priority.** There is a real opportunity to help build up Indian capability.
 - **The UK should endeavour to join the Quad.** This would help cement our commitment to the Indo-Pacific region and would work well with our application to join the CPTPP.
 - **The UK should seek a Port facility for the Royal Navy in conjunction other Commonwealth navies, eg the RAN; and joint exercises.** Alongside that the UK should propose setting up a centre for Commonwealth Operations in India.

The reality is that we need each other. It would be a partnership of equals, with the same concerns about the shared geo-political threats in the region and how to counter them.

The threat to this is that we threaten India and make demands. As, we need to remember as we engage India, the world's largest democracy, what is strategically at stake for us all. We must not make perfection the enemy of the good. Instead we must see how the benefits to both of us and by extrapolation to the West, have become even more vital.

VIII – CAPITALISING ON OUR NATURAL ALLIES IN THE MIDDLE EAST

If there is one part of the world that should present a wealth of trading opportunities for post-Brexit Britain it is the Middle East. From the end of the First World War, when Britain was instrumental in creating the modern political landscape of the Middle East, to more recent times, when London has forged a network of deep and enduring relationships with key partners, Britain has historically exerted a level of influence only rivalled by the US.

Yet, there is a worrying possibility that the many opportunities afforded by the UK's pre-eminent position in the region may fail to materialise because of the growing sense of neglect many of our allies feel about the unwillingness of successive British governments to address their concerns.

This is particularly true in relation to the Gulf, where there is deepening frustration among long-standing allies such as Saudi Arabia and the United Arab Emirates that they can no longer rely on London to protect their interests.

This worrying shift in the priorities of previously friendly Arab governments was very much in evidence when Prime Minister Boris Johnson made his long overdue visit to the region in March 2022, during which he had a top-level series of meetings with the leaders of the UAE and Saudi Arabia.

Mr Johnson has forged a close personal bond with Saudi Arabia's Crown Prince Mohammed bin Salman, who is widely regarded as the country's *de facto* leader, and no doubt believed he could expect a warm welcome from him as well as the British-educated leader of the UAE, Mohamed bin Zayed Al Nahyan, who has recently been appointed the country's third president.

The main purpose of the Prime Minister's visit was to elicit support from Britain's Gulf allies in helping to alleviate the energy crisis caused by Russia's invasion of Ukraine, which had caused a sharp spike in energy prices and was contributing significantly to the cost-of-living crisis affecting the economies of the developed world. A major focus of Mr Johnson's visit was to persuade some of the world's major energy producers to increase output, thereby helping to ease global supply concerns.

However, rather than responding positively to Johnson's advances, leaders in both the UAE and Saudi Arabia showed a marked reluctance to respond positively. Indeed, the diplomatic strains in relations between London and the region were reflected in the fact that, when Mr Johnson arrived in the UAE, he was greeted by a junior foreign office official instead of being accorded the established protocol of receiving a ministerial welcome.

Nor is the decline in Britain's standing confined to the Gulf region. Egypt is another major power in the region that has traditionally enjoyed strong ties with the UK, but now finds itself actively seeking new partners, such as Russia. Relations between Cairo and London have not been in a good place since the Cameron government backed the overthrow of former Egyptian President Hosni Mubarak in 2011, thereby paving the way for the Muslim Brotherhood's disastrous mismanagement of the country. The fact that Egypt is today actively seeking to develop ties with the likes of Russia and China illustrates how far Britain has fallen in the affections of this formerly Anglophone country.

Some commentators argue that the decline of British influence in the Middle East can be traced back to the Blair government's involvement in the military campaign to overthrow Iraqi dictator Saddam Hussein in 2003 which, given the opposition the Saudis and others voiced about the wisdom of implementing regime change, certainly has some validity.

There are, though, other key factors that have played their part, such as the support Britain and other Western nations, especially the United States, lent to the so-called Arab Spring in 2011, which saw the governments of several pro-Western countries, from Jordan to Bahrain, facing significant challenges to their survival.

Britain's prominent role in the military campaign to overthrow Libyan dictator Colonel Muammar Gaddafi is another source of friction with the region, especially in North Africa. While Gaddafi oversaw a brutal dictatorship, the West's failure to bring stability to the country after his removal has simply paved the way for it to become a stronghold for Islamist militants. And the West's lack of interest in addressing Libya's problems has allowed Russia, in the form of the Wagner Group, to establish a firm foothold on the shores of North Africa.

Other factors that have led many Arab regimes to despair of Western involvement in the region include the failure of Britain and the US to follow through with their threat to punish the regime of Syrian President Bashar al-Assad after it deployed chemical weapons against his own people in the summer of 2013. The West's obsession with securing a nuclear deal with Iran is another major concern, especially for the UAE and Saudi Arabia, which feel that Britain's attempts to improve relations with Tehran are being undertaken at the expense of supporting their allies in the region. The UAE, for example, was furious when Britain failed to condemn the Iranian-backed Houthi rebels in Yemen when they launched an attack on Abu Dhabi international airport and an oil facility in January 2022, killing three people.

There is, then, much work to be done if post-Brexit Britain is to rebuild its standing in this vital part of the world, one where the neglect of recent years needs to be addressed as a matter of urgency. Russia's invasion of Ukraine certainly provides the British government with a good opportunity to begin the process of rebuilding relations. The fact that countries like the UAE, for so long a reliable ally of London, were not even prepared to support a United Nations Security Council resolution condemning Moscow's unprovoked act of violence against Ukraine shows just how far the relationship has deteriorated in recent years.

But Russia and the Gulf States are not natural allies, and with the right level of political and diplomatic investment, it is still possible for Britain to turn around this unhappy state of affairs, both in the Gulf and the wider region. And, by so doing, it could open the way for Global Britain to benefit from a new era of prosperous trade links with its traditional allies in the Middle East.

Some key policy priorities are:

1. **Re-establish the region as a foreign policy priority at the FCDO through the appointment of a minister with responsibility for overseeing the entire region.** The recent decision to redesignate the duties previously overseen by a dedicated Minister of State for the Middle East to different departments within the FCDO has not been well-received among Arab leaders, many of whom regard the move as relegating the region in the list of the FCDO's foreign policy priorities. Having a dedicated minister to oversee the region would reassure key allies and demonstrate the importance with which HMG regards the Middle East.
2. **Deepen and expand military ties with the region, especially with key allies such as Saudi Arabia and other Gulf States.** The military and intelligence-sharing relationship between the UK and partners such as Kingdom of Saudi Arabia have been the bedrock of our national security posture for decades but have been neglected in recent years by HMG's preoccupation with other issues. This neglect is reflected in the fact that the United Arab Emirates recently indicated its preference for purchasing a new generation of Chinese L-15 training jets, a significant reversal of policy from the UAE's previous purchase British-made BAE Systems Hawk aircraft. The UK needs to reinvigorate its defence ties with the region with a view to improving trade ties. Perhaps, military bases similar to HMS Juffair, the long-standing naval base in Bahrain, could be envisaged in other countries.

3. **Give serious consideration to reviewing the UK's broader policy towards the region, which has previously seen too much emphasis place on restricting Iran's nuclear activities.** As a signatory to the Joint Comprehensive Plan of Action in 2015, the UK has an understandable interest in ensuring that Iran does not obtain nuclear capability. However, the FCDO's recent obsession with maintaining the JCPOA at all costs, despite the continuation of Iran's malevolent activities in the region, has put London at odds with key allies in the region, especially Israel, who argue their interests are being neglected in order to salvage the nuclear deal which in any case will not achieve its stated objective. Matters came to a head at the turn of the year when, after the Iranian-backed Houthi rebels launched unprovoked attacks against the UAE and Saudi Arabia, HMG was slow to condemn the attacks and provide reassurance to its allies. A fundamental review is therefore required of the UK's policy towards the region, with more emphasis being given to safeguarding the interests of our allies instead of pandering to the demands of hostile States such as Iran.

In this regard, the significance of the Abraham Accords cannot be over-stated. That is because this was the first time that the Palestinians and their backers, especially Iran - all hostile to our interests - were not allowed to obstruct the normalisation of Israel's relations with the other Arab co-signatories and because Israel's pivotal role in Free World security was recognised and protected.

Britain should be in no doubt that Israel is its closest ally in the Middle East. It has long been the 'window of the West' strategically and as the most vibrant democracy as well as far and away the most dynamic economy Israel's security is as entwined with ours as we now understand Ukraine's to be.

Therefore the danger and strategic myopia of the Obama attempt to temporise with Iran in 2015 through the so-called JCPOA (Joint Comprehensive plan of Action) should be understood and the foolishness of the Biden administration - through continuity of personnel - to revive this pointless process allowing the Ayatollahs to approach and even obtain nuclear capability should be called out. The UK needs to pick sides here and use influence to get the current US administration to pull back and reset - or we all run the risk of forcing Israel to takes steps to defend itself as it surely would.

IX – MAKING THE CIVIL SERVICE FIT FOR A GLOBAL BRITAIN

Effective policy cannot be devised or implemented without the active participation and wholehearted support of the civil service. Since the Referendum, it has been clear that Brexit policy has not enjoyed such support from many officials. The well-documented biases in the Treasury's economic modelling was one of the more obvious examples of this. Officials were even emboldened to talk openly about 'policy-based evidence making'.

This would have been bad enough but Brexit - together with the problems evidenced in such areas as the Covid pandemic and cost overruns/delays of major projects – began to suggest that there were other equally alarming problems. Evidence began to accumulate that often civil servants were not competent to carry out their responsibilities and that social mores and value judgements were interfering with getting the job done. The latter, as has been noted throughout this paper, appears to be a particular issue within the FCDO – the department most responsible for foreign policy, the main focus of this paper.

Therefore, we have assessed how well the civil service in general and the FCDO in particular is performing and the underlying reasons for shortfalls in performance. We do not claim that this has been an exhaustive or comprehensive analysis but our conclusions ring true with those with experience in Whitehall. Moreover, it was striking that the conclusions about the problems of the civil service generally were virtually the same as the conclusions about the FCDO's problems.

Accordingly, this chapter describes the nature of the problems with the civil service, the underlying causes of the problems, and outlines some ideas for how these underlying causes might be tackled.

In addition, we conclude by making the obvious point that strong ministerial leadership to the civil service is essential for success, and such leadership is not always provided. Nevertheless, while there may be examples to the contrary, we have no doubt that the crux of the problem lies in the problems with officials that are discussed below.

DE-POLITICISE AND UPGRADE THE CIVIL SERVICE

There has long been grumbling about the nature of the civil service, particularly by politicians, since time memorial – and at least since the time of the TV hit, *Yes Minister*. For most of this time, the public has shrugged and the antics of officials have been regarded as one of the many expressions of British eccentricity.

In recent years, the mood has changed, most particularly in the population at large. The recent experience of officialdom with regard to Covid - preceded by the obvious bias of officials against Brexit and their continuing obstruction of the Government's Brexit initiatives – has made people question whether the country really is being led by the 'best and the brightest', as well as the civil service's fabled neutrality. The current row about civil servants working from home has added to this. This has provided support to ministers who have been emboldened to raise similar questions.

Whitehall, We Have a Problem

Rarely has a news story so pertinently illustrated exactly what is wrong with the civil service that supposed bastion of excellence and impartiality, than the Rwanda scheme for tackling illegal migration announced by the government in April 2022.

In addition to a chorus of disapproval from the usual suspects in the media, there were two unprecedented public interventions from civil servants:

- First, officials from two civil service unions (the FDA and the PCS) slammed the policy as ‘hostile’ and ‘inhumane’, saying that there would be mass resignations and transfer requests by civil servants tasked with carrying it out
- Then we had the letter by the Home Office Permanent Secretary, Matthew Rycroft, requesting a ministerial direction from the Home Secretary in order to proceed, simply because: *‘I do not believe sufficient evidence can be obtained to demonstrate that the policy will have a deterrent effect significant enough to make the policy value for money.’*

It is rumoured that Home Office civil servants refused to provide information requested by the Secretary of State that might have helped provide the necessary evidence for Mr Rycroft. There were even leaked posts from a Home Office staff forum trying to foment rebellion. The shocking thing about these interventions is their entirely subjective and political character, in flagrant breach of the Civil service Code. Civil servants are servants: the clue is in the name.

Civil servants are required to maintain the highest standards of impartiality and political neutrality in exercise of their functions and not allow their personal political views to sway their advice to ministers or affect the way they do their jobs. It appears that this fundamental principle, which underpins the critical bond of trust between civil servants and ministers, has been completely abandoned. By extension, democracy itself is at risk when officials attempt to undermine ministers and frustrate policies that the government was elected to implement.

And if civil servants feel empowered to threaten – quite openly – to block a policy simply because they don’t like it, without fearing so much as a slap on the wrist, the problem in Whitehall looks to be enormous. Is it even possible to reform a bureaucratic behemoth that thrives on disloyalty and ineptitude?

The Triumph of Mediocrity over Experience. The first failing of the civil service which Matthew Rycroft’s letter highlights is the smug mediocrity of many of those promoted into top jobs. His personal ‘feelings’ outweigh any evidence that might contradict them. Indeed, he is so convinced he is right that he does ‘not **believe** that sufficient evidence can be obtained’ to contradict his subjective opinion.

Successful policy-making requires the gathering of evidence from a wide range of sources (whether you agree with them or not), then analysing and presenting it concisely in order to formulate actionable policy options.

A minister may still choose to disregard any recommendations, but that is the minister’s job, and quite rightly a political decision. Declaring that you believe there is no way to gather sufficient evidence to inform a policy position represents a basic failure to do one’s job properly. Has Mr Rycroft not heard of Australia’s scheme to process illegal immigrants offshore? Or thought to ask Greece or Italy how they deal with boatloads of illegal migrants? Or commissioned anyone to survey migrants encamped near Calais to find out if they would spend thousands and risk life and limb to cross the Channel if they were going to be sent straight to Rwanda? If a national newspaper can conduct such research, why can’t the Home Office?

That the permanent secretary of a principal department of State displays such lacklustre abilities speaks

volumes as to the fitness for purpose of civil service recruitment and promotion policies. Without radical change to attract, retain and promote the brightest and best, the current civil service is hard-wired to ensure that plans for a dynamic, successful outward-looking Global Britain can never be realised. Unfortunately this politicisation and coarsening of the senior civil service is (another) direct consequence of Blair's Long March through the institutions. Rycroft began his career in Blair's orbit.

The Triumph of Politically Correctness. Rycroft's intervention also speaks to the ideological narrowing of the civil service, and its institutional commitment to a left-wing social justice agenda, the outward evidence of which is plain to see: the flying of rainbow flags from government buildings, the compulsory diversity training, the use of peculiar pronouns in e-mail signatures, and so on.

This has two deleterious effects on the work of the civil service. One is a set of policy priorities drenched in the assumptions of the liberal-left, not least in the FCDO in which Mr Rycroft has spent much of his career and where too little focus is put on the British national interest in upholding security and promoting economic prosperity. Instead, civil servants and diplomats pursue a values-based foreign policy which aims to spread of democracy, diversity and human rights to more benighted parts of the world – the old civilising mission in its twenty-first century guise.

The second effect is bad policy. Like everyone, civil servants have their ideological blind spots which is not in itself a problem, providing there is reasonable ideological diversity. However, in the absence of staff not belonging to the liberal-left – or at least anyone willing to speak up – there are few people to point out these blind spots and groupthink sets in. The result is an inability to understand why certain policies are failing and a tendency to respond to failure not by re-thinking the policy but instead trying harder to make the existing policy work.

The Triumph of Politically Correct Views over Rules. A different case illustrates how the current civil service has become politicised without fear of reprimand and its detachment from normal due process. This case involves Angus Lapsley, a very senior Foreign Office and Ministry of Defence civil servant.

- Mr Lapsley never made any secret of his passionate pro-EU views. For example, when he was UK Representative (Ambassador) to the EU Political & Security Committee, he declared to fellow Ambassadors in German that he simply did not understand why the majority of his fellow citizens had just voted to leave the EU.
- After his return to the UK, when he became Director-General (Strategy & International) at the MoD, he left behind a bus stop in Kent a large bundle of relatively low classification MoD papers within which were top secret papers discussing possible UK Special Forces roles in Afghanistan and possible sailing routes for HMS *Defender* either close to or through contested waters near Crimea. (The destroyer took the more confrontational route.) The finder handed them in not to the Police but to the BBC.

To this day – despite the case being reported widely and in detail in the media - Lapsley has not been prosecuted for the *prima facie* clear breach of the Official Secrets Act, as happened in the much lesser case of Robert Jackson in 2008 who accidentally left papers on a train.

The Rycroft case suggests that feelings now trump objective analysis and the Lapsley case suggests that sufficient seniority and subscription to the Remain/Re-Join point of view that runs through the civil service are now sufficient to allow individuals to escape normal due process. Somehow, despite a slight demotion, Lapsley still holds a security clearance in the FCDO (albeit at lower level).

Underlying Causes

The paragraphs above describe only symptoms of deeper problems. A root and branch analysis of all the factors contributing to such problems is beyond the scope of this paper, but some major underlying causes can be readily discerned. These are:

- **A rigid and antiquated military-like organisation structure that discriminates against certain categories of recruits leading to rapid turnover and lack of necessary skills/experience**
- **A dysfunctional HR-driven box-ticking recruitment process that takes little account of requisite qualifications/expertise and over-emphasises diversity and self-described personal success profiles**
- **A tyranny of 'job grades' that are poorly aligned with actual job content and appropriate pay levels**

Antiquated Organisational Structure. Before looking at the myriad human resources issues that seem to be the main cause of the climate of mediocrity championed within today's civil service, something also needs to be done about its structure – an antiquated quasi-military model where 'grade-ism' is all. As a result, talent often goes unrecognised and unrewarded, staff cannot be deployed where they are best suited because they have the wrong grade and square pegs are repeatedly forced into round holes.

Anyone who joins the civil service from the private-sector would be astonished by the 'them' and 'us' way it is organised, with the senior civil service as the all-powerful officer class and everyone else lumped into an inferior category of 'other ranks'. This 'inferior category' includes many of the middle-manager grades who do the bulk of the technical work, who have no hope of ever getting anywhere near the corridors of power, even when they are as well qualified, if not better qualified, than senior staff.

To progress in most departments, you have to leave – either by moving to another department at a higher grade or by taking any useful qualifications you may have acquired in the civil service (legal, accountancy and tax expertise especially) into the private-sector, where you will be handsomely rewarded. This rigid stratification of jobs and people - weighted in favour of the senior generalist branch - leads to a permanent brain drain and loss of experience in frontline roles, with vacant posts often filled by raw recruits who have to start from scratch. There then follows the recycling of policy failures as each new cohort tries the same things their predecessors abandoned, before they too give up and move on. It is failure *ad infinitum*.

Despite this quasi-military model, the civil service does not really have a respected and well-rewarded cadre of technical and policy specialists, like senior NCOs in the armed forces, to maintain standards, continuity and knowledge. Too often they leave for much better jobs outside when they hit the ceiling between the senior civil service and everyone else. The politicisation and the merry-go-round across the most senior levels of the civil service which has destroyed the previous incentives for promotion by expertise within departments was an invention of the Blair era and one of its most damaging lasting legacies.

This can lead to people with little or no relevant experience being recruited into jobs simply because they can parrot the right lines to fulfil the non-essential HR criteria. A general, however, would not expect an infantry commander to fly an Apache helicopter or lead a tank battle group. So why should a policy advisor from the Department of Education, for example, be able to step into a job at a higher grade in the Treasury and advise on economic policy? Or make decisions on a major defence procurement project at the MoD? But it happens all the time; non-core attributes which tick 'HR' boxes - latterly populated with fashionable diversity and wokeness criteria - are far more important than ability or experience in order to progress.

Dysfunctional Recruitment Process. Expertise, aptitude, experience and a track record of good performance is normally required to obtain a job in the private-sector. It is usually the last thing to be considered by the civil service, where the technical skills required to do a job are frequently listed in adverts under 'non-essential criteria' so long as you can prove that you can 'see the bigger picture', 'deliver at pace', 'work together' and can do a star turn with the 'success profiles' (which are almost exactly the same as the old competencies, and just as haphazard in identifying suitable candidates for a role). This approach is locked into place by human resources departments which have gained a disproportionate influence over the work of the civil service because of their control over the allocation of labour, made worse by the ideological activism of its diversity officers.

A standard hiring process can leave a recruiting manager entirely at the mercy of HR teams who have no knowledge of the job advertised and whose main purpose appears to be to make it as hard as possible to find the right person for a role. Personal statements and success profile answers are 'sifted' by HR according to a rigid marking system, and only then will CVs be considered to select candidates for interview. Advert ref 199274 for a PA/Office Manager gives details of the Kafkaesque recruitment process at the 'Department for Levelling Up':

DLUHC want to bring in and bring on a diverse workforce at all levels. Our application system is designed to remove as much bias as possible from the recruitment system – this means that a hiring manager does not know your name, your details, see your whole application in one go (or have your CV at review stage unless stated otherwise).

Your answers [to the success profiles] are randomised and chunked up. This means that each assessor views sets of responses to questions, for example all candidates' responses to 'Seeing the Big Picture' rather than seeing a candidate's full application... Most of our campaigns utilise multiple assessors and so it is possible that each of your answers would be viewed by different assessors.

How the right person for the job can be properly selected if their potential manager is not even allowed to see their CV is a mystery – success profile answers will never provide adequate information about experience and skills. It is risible and self-evidently a recipe for failure and waste of taxpayers' money. It is only common sense that such a process is fatally flawed.

If a candidate survives this initial stage, they will usually be interviewed by a panel formed of staff who are totally unconnected to the actual role advertised. A smart manager will try to insist on conducting interviews, but it is by no means a given. It is quite usual in the civil service to ask for volunteer interviewers at the appropriate grade for the role to interview candidates, which means the focus has to be on subjective criteria and success profiles rather than job-related experience. One consequence is that only one kind of 'identikit' civil servant can ever gain promotion. But this may also be why some permanent posts remain unfilled and are repeatedly re-advertised on Civil service Jobs, while agency staff (recruited through the normal CV/interview route based on experience and screened first by an agency) fill roles instead, because that way a manager can actually hire a person he/she wants.

However, unlike the private-sector, where good agency recruits can be taken on as permanent employees, there is no way of converting successful agency hires into permanent civil servants without going through the external recruitment rigmarole above, with the risk of losing them if they fail to meet irrelevant criteria set by faceless human resources' assessors who must take no account of the abilities they have demonstrated in post. Some departments bar longstanding agency staff from applying for permanent vacancies advertised internally, in clear breach of employment law. The entire recruitment system favours subjective personal attributes (a 'protected characteristic' seems to be a prerequisite these days), and the 'right' way of thinking over expertise and proven competence.

There also seems to be an issue of outright bias against well-qualified candidates. A high score on a situational judgement or skills test will not necessarily get a candidate an interview if assessors do not like their success profile 'stories' or personal statement. Heaven forbid that the candidate be white, male, privately educated with a first class Oxbridge degree. ('check your privilege'). Consequently, the careers of good employees are blocked because, while they excel in some areas of their work, they fall short against other technical requirements which are irrelevant to their job. Conversely, people who may lack intellect, interest or expertise gain promotion because of their ability to meet the technical criteria for promotion. Such systematic self-harming assists only our enemies.

Inappropriate Job Grades and Consequent Low Pay. Once recruited, the main issue for a new civil servant is grade. Grade is all-important, because it alone (and not performance) determines how much pay you get.

Grade is a major demotivating factor, because many roles are woefully under-graded in relation to the level of skill and responsibility they involve. This is particularly true in grades AO – SEO, where the bulk of the work is done. In all cases, grade is equated with personnel management rather than technical competence and skills. It is almost impossible to get a promotion if you have not had 'line management' experience, even where such experience can involve little more than a monthly coffee catch-up and the approval of leave requests.

Inappropriate grading (and correspondingly low pay) is acute in certain key roles, leading to a revolving door of dissatisfied recruits at the sharp end of the public's wrath when services are poorly delivered: immigration officers, passport officers, tax helpline operators, benefits claim administrators are paid in many cases below the National Living Wage. For example, the Home Office is currently recruiting 700 Asylum and Protection Officers at £21,681 (National) and £25,626 (London), and people wonder why there is a shortage of staff and a lack of motivation. Even an Office Manager working for directors at the Department for Levelling Up in London can expect a top salary of just £27,854 for a busy and responsible role. A similar job in the private-sector would pay at least £10,000 – £15,000 more, with none of the grade snobbery that comes with working in the civil service.

Junior policy roles are equally poorly paid, designed for fast streamers to get a taste of different government departments. This leads to the constant rotation of inexperienced staff with minimal relevant knowledge formulating policy in crucial areas – a very real problem during the fraught Brexit years. The other downside to this is that such jobs also attract people who will accept the low pay because they see a chance to turn their own political campaigns into government policy.

Conversely, jobs in the senior civil service are very well paid compared to the private sector, attracting huge perks plus a gold-plated pension as well as the untouchability illustrated above. Unsurprisingly, there seems to be no appetite within Whitehall to address the grade-pay gulf between senior mandarins.

Rewiring the Civil Service

If Britain is to take advantage of the opportunities afforded by Brexit, to compete successfully on a global basis, and prosper, the major inadequacies of the civil service described above (and many that have not been described must be addressed.

Traditional expertise has been downplayed in favour of general management 'skills'. If 'diversity' and 'inclusivity' are really overriding priorities, at what point can it be said that they have been reached? Is it that Britain's civil service personnel are essentially post-national. Their education, training, and experience are all based on a set of assumptions that are no longer valid. The mentality of 'learned helplessness' must be overcome - ie, civil servants must appreciate that their job is to find a way around obstacles (particularly those inspired by the EU) rather than using them as excuses for inaction.

The tragedy is that there are some really good people in the civil service, but they will never get the chance to reach their full potential or make a useful contribution because the system is stacked against creative thinkers and new ways of doing things and fails to recognise and reward talent and hard work.

Making such a change will not be easy: 'Turkeys voting for Christmas' comes to mind. Listed below is a non-exhaustive list of areas for review and reform that might represent a good start:

- **Change to an organisation structural model aligned more closely to that of the private-sector, with pay decided by job responsibility and experience required, not grade.**
- **Fire civil servants for breaching the Civil service Code - let alone breaking the Official Secrets Act.** It is very difficult to get rid of people in the civil service, and the higher the grade, the harder it is. The ultimate decision on appointments within a department should rest with the Secretary of State for the department, not with senior civil servants. Administrators should be order-receivers not makers at the strategic level. The military model whose language seems to be so attractive (with MOD civil servants even describing themselves in the MoD as having the same 'star rank' equivalents as uniformed officers) should be followed through to the logical conclusion.
- **Pay more for frontline jobs, and employ performance-related pay across all levels of the civil service.** For example, there is no incentive to process 50 passport applications instead of 30 if there is no bonus, no overtime pay, and no prospect of promotion.
- **Reform the system of rewards and performance management.** The definition of performance needs to be guided by the national interest. Ultimately the service needs to be more accountable to the government and to Parliament, with a premium being placed on simple explanations and the shunning of phoney complexity.
- **Give full weight in the recruitment process to qualifications, experience and job-specific knowledge.** The current system simply favours those who can bluff their way through the success profiles marking system. The entire recruitment process illustrated above is unfit for purpose and should be junked by the Minister for Government Efficiency. A return to common-sense 'whole person' appointment by those who will employ them is the way forward.

For example, an environment where the Security Services have lost control of the first sift of their applications and nurses are 'empowered' to perform complex triage - for example reading brain scans for neuropsychological conditions - is utterly perverse and untenable. This applies particularly in the FCDO where recruitment and promotion of officers should be oriented toward regional and country expertise and to language abilities rather than generic managerial 'competences' or grades. One wonders how many FCDO recruits could successfully pass the late 19th century entrance examination for the Foreign Office which demanded wide and deep geo-political and historical knowledge. Likewise, the peerlessness that was formerly the mark of our Security Services was not unrelated to the recruitment methods, using the services of trusted Oxbridge tutors, not 'Haich Har' non-experts, who steer likely prospects into an intensively personal, layered recruitment process.

- **Revamp technical recruitment and training.** People are often recruited into roles with poor technical skill, and there is little in the way of formal training – training is very hit and miss (IT training is particularly poor). Specific competences must be upgraded, for example:
 - As evidenced by the inconsistent development of Covid policies and an energy strategy, the ability of civil servants (and politicians) to assess scientific/technological inputs and come to balanced conclusions should be markedly improved
 - Objective economic considerations must become more central to government decisions-making and the Government Economic Service both upgraded and depoliticised. No 10 appears to be an 'economics free zone' and the inadequate consideration of objective economic factors underlying

decision-making with regard to both Brexit and Covid were evident. The politicized and inaccurate economic analyses produced at the time of Brexit remain an unresolved scandal.

- There should be a greater understanding and use of legal reasoning in the processes of governance, in ways that permit and encourage individual and collective creativity

There needs to be a mechanism for civil servants to re-train and be exposed to new and emerging ways of thinking, spurred by new developments in the political economy. This is particularly important for the top of the civil service. For example, current top civil servants gained their economic experience in the years before the Financial Crisis and the advent of negative real interest rates, slow growth and the world savings surplus. Yet their instincts are to follow policies appropriate to the world in which they gained their experience- one of high real interest rates, high inflation and chronic excess demand. We see this in the Treasury and OBR's obsession with short term fiscal rules that make no sense under negative real interest rates well below the potential growth rate.

- **An audit of all the non-work undertaken in working hours should be conducted and such activities stopped, or at least severely limited.** It is possible for a civil servant to spend several hours a week *in core working hours* on diversity and inclusion seminars, LGBTQ+ social events, race network sessions, wellness cafés, mindfulness sessions, etc. Whilst some are welfare issues and some are purely social occasions, absolutely none of them are relevant to people's jobs. They should not take place at taxpayers' expense in working hours.
- **Review comprehensively and overhaul the policy profession.** In light of the above, the quality of civil servants as envisaged by the Northcote Trevelyan Report may be beyond reach after two decades of maceration within the Blair Model civil service. The civil service is currently highly politicised, although it claims to be impartial, and with its current structure, can actively undermine government from within Whitehall as illustrated in the examples given above.

This echoes a similar problem when the Thatcher government entered power in 1989. Then the top of the civil service had become used to running policy with incomes/prices policies and no serious control of money or deficits. These policies needed to change to gain control of inflation. Unfortunately, this could only be achieved by wholesale replacement or sideways - movement of the top civil service, who resisted the necessary changes.

Ministerial submissions are often hopelessly long-winded, poorly structured, and drafted. The adoption of a policy grid model and a strict word limit on submissions might help. Mrs Thatcher famously demanded one page distillations. The art of the 'three layer' briefing has withered because it is not valued.

Perhaps, the question should be asked whether policy work should even be undertaken by civil servants? There is a case for adoption of the US model, where senior policy professionals - a cadre of 'super' special advisors - are appointed by the government and accountable directly to ministers and serve at the discretion of each administration, to which they have declared rather than hidden allegiances. Career civil servants would then be used simply and solely to translate policy into legislation and deliver the government's programme, and kept a remove away from politics (as they should be).

There should be a policy team in the Cabinet Office to engage in horizon-scanning across all areas, able to draw on resources across Whitehall to stand up red teams quickly to deal with big issues like Covid and the Ukraine war. To the extent any such teams currently exist, they clearly are not operating effectively. Plainly the National Security Council 'innovation' by David Cameron is no match for the Committee of Imperial Defence established by A J Balfour after the Boer War, which ran until the Second World War for almost all that time under the expert guidance of its Secretary Lord Hankey. That the Secretary of State for Defence, backed by the Prime Minister, reportedly had to push through the supply of anti-tank weapons to Ukraine before Putin's War began against resistance from the National Security Adviser Stephen Lovegrove is a flag in the wind. The recent establishment of a British Office of Net Assessment (SONAC) with a staff of forty, within the MoD is a move that some of this paper's

authors have advocated for over a decade. Yet the manner of its establishment and potentially conflicted reporting lines do not give grounds for optimism.

- **De-politicise the civil service.** Perhaps most importantly, the civil service must create a more welcoming environment for those outside the liberal-left as a means of promoting diversity of opinion and improving the policy-making process. The starting point for this is to ensure that government departments are politically neutral spaces, without rainbow flags or political re-education programmes, which only serve to send the message that the department is a woke institution from which non-believers should stay away. Instead, every effort should be made to attract a wider cast to apply to the Foreign Office in the first instance, stick around after they get there and voice their opinions in the meantime. In the process, the various other problems described above - the narrow mind-set of the civil service, its defective ways of working and repeated policy errors – would all be easier to resolve.

PROVIDE MEANINGFUL MINISTERIAL LEADERSHIP

Ultimately, responsibility for failure to implement policy effectively lies not with civil servants, but primarily with the ministers whose constitutional responsibility it is to deliver competent governance. That is not to say that there isn't a need for civil service reform, there is. In many respects, the UK Civil service needs to be reshaped to meet the challenges of an era where key skills are rewarded and the linear progression to Permanent Secretary isn't the only rewarding career choice.

There is a tendency for politicians to see the issue as a battle between an unwilling and 'superior' Civil service and politicians frustrated by bureaucracy, struggling to get their way. Yet in reality for many Civil servants, the linear nature of the Civil service is a significant problem. There are many Civil servants frustrated by the limitations of the Civil service.

In well run private companies, specialisations are recognised as vital and those such as Project Managers are rewarded for their expertise, as the cost of failure is so very high. As explained above, in the Civil service, it continues to be a case of whose turn is it next, the cult of generalists seems to still be prevalent. The same goes for Finance Directors. In a large company, this role is so important it would almost certainly be filled by an accountant.

It must be very frustrating that there is only a narrow linear route to Permanent secretary. Those who have real world expertise and who may not be in the running for Permanent Secretary should be rewarded for their skill set and not necessarily for the position they hold.

However, politicians are not without serious criticism. Ministers and Secretaries of State move in and out of their Ministerial jobs with incredible rapidity. This in turn causes problems for the Civil service. It takes time to understand the department they are to lead and then understand the nature of the programme commenced by their predecessor.

To be effective, the civil service needs strong determined politicians in government, to drive the work of their department. However, even when a competent minister produces a strong policy framework, proper support from the top level of the civil service is essential to ensure that the policy will be effectively delivered. This is because the delivery of policy requires a combination of focused, effective ministers and dedicated, driven senior officials. The relationship is crucial; it has been called the "Fulcrum of Whitehall Effectiveness."¹⁰²

102 House of Commons Public Administration and Constitutional Affairs Committee, June 2018: "The Minister and the Official: The Fulcrum of Whitehall Effectiveness" <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubadm/497/497.pdf>

The introduction of Universal Credit is a classic example of this. This was a concept developed by a think tank – the Centre for Social Justice – which was driven through by then Secretary of State, Sir Iain Duncan Smith. The policy has proven its self during the pandemic lockdown.

It was successful for three key reasons: firstly, because the Secretary of State and his ministers drove the policy being wholly committed to its implementation, secondly because the department officials were positive about the change and with a Secretary of State in place for six years had clarity of purpose and implementation, and thirdly because the Department for Work and Pensions stood down the civil servants who were clearly opposed to the policy replacing them with officials who were focused on delivering it. The same must be done urgently in the Home Office where revolting civil servants are citing their consciences as reasons not to deliver the Minister's Rwanda resettlement scheme as a way of breaking the people smuggler business model: a policy based on one made successful by one of this paper's authors in Australia.

Government should look to help first time Ministers understand how to manage departments and get the most out of them. Good Civil servants will respond to clear leadership and take pride in the project they have been tasked to deliver if their skills are rewarded and they have clear direction.

ANNEX A - MANCHESTER UNIVERSITY

HYPERSONIC MISSILE RESEARCH

For example, hypersonic technologies are one of the important areas they have studied.

- Manchester University, for instance, allowed the China Aerospace Science and Technology Corporation (CASC), China's main inter-continental ballistic missile (ICBM) manufacturer, to open a research centre subsidised by the British taxpayer.¹⁰³ The centre's work included research into improved manoeuvrability with a Chinese military-affiliated university; another of the papers it published featured missiles moving towards the same target (Juliet Samuel in the *Telegraph* wrote: "[T]he paper, published in 2018, offers one way to solve the 'cooperative simultaneous arrival problem'. In plain English, that's when you want to point lots of missiles or rockets at a target and have them go boom at the same time".)
- The centre collaborated with defence-funded Tianjin University on "variable geometry inlets" ("favourable... to the acceleration and manoeuvring flight" [sic]; this type of inlet has featured elsewhere in patents cited for hypersonic missile development). Chinese-backed research on "air-breathing" hypersonic vehicles were also supported by the Engineering and Physical Sciences Research Council (EPSRC); the United States is in a race to develop this variant of hypersonic missile.

¹⁰³ Manchester University says this the centre has closed, although some of its staff remain at the university.

ANNEX B - CHINA'S CONTINUED INVOLVEMENT WITH WHO

- In Geneva, there is evidence that the electoral apparatus of the WHO is being increasingly co-opted by the PRC. China's unique levels of representation in the WHO's governance structures also appear to have helped the election of its favoured candidate, Ethiopia's Dr Tedros Adhanom Ghebreyesus, in 2017
- After private talks with Chinese Premier Li Keqiang, Tedros made two announcements that may be a concern for WHO neutrality. First, the WHO expressed its interest in promoting health services in BRI Member states; second, the WHO will receive an additional \$20m contribution from China, apparently in return. During this visit, Tedros attended the *Belt and Road Forum for Health Cooperation: Towards a Health Silk Road*, claiming in his speech there that: "President Xi's proposal for a Health Silk Road... with health at its core, is indeed visionary", adding, "we must seize the opportunities the Belt and Road Initiative provides." Chinese influence has also been apparent during the Covid-19 pandemic. In January 2020, Tedros met President Xi in Beijing, where he praised China for its "transparency" in combatting the disease, despite officials in Wuhan having cracked down on doctors and medical professionals in an online group for "spreading rumours".

ANNEX C - CHINESE INFLUENCE AT THE UN

- Despite rules intended to prevent UN officials from acting on behalf of their Member states, and to act in a strictly personal and professional capacity to remain neutral, Chinese officials have admitted that they act on behalf of the CCP. Former UN Under-Secretary General in charge of the UNDESA, Wu Hongbo, stated that his nationality meant he acted in Beijing's interests, giving an example of how he instructed UN security to remove a "Xinjiang separatist" from a seminar being held at the General Assembly in New York, stating that he still regards himself as an employee of Beijing: "I think being a Chinese diplomat means one can't be careless, when it is about protecting China's national interest and safety. We have to strongly defend the motherland's interests".
- In June 2013, senior CCP official Li Yong was appointed Director-General of the United Nations Industrial Development Organisation (UNIDO). Li had previously served as Vice Minister at the Chinese Ministry of Finance, where he would have been instrumental in developing China's Belt and Road Initiative (BRI). In his capacity as Director-General of UNIDO he continues to advocate for China's flagship programme and appears to utilise UNIDO resources to do so. In July 2008, UNIDO established the Centre for South-South Industrial Cooperation (UCSSIC-China), based on a 2006 Memorandum of Understanding to enhance "South-South industrial cooperation" between UNIDO and China (the centre's objective is to contribute to industrial development and economic growth in developing countries, mobilising technical, financial, managerial, and other resources for projects for South-South cooperation). ¹⁰⁴
- UCSSIC-China has sought to build partnerships between China and developing countries, especially for technology transfer, and to develop the BRI. In April 2019, Li used a speech in Beijing to emphasise that: "[we] need to move towards coordinated strategies and policies, ensuring compatibility with BRI implementation in the participating countries and regions."

¹⁰⁴ UNIDO (2020) in Ibid.anglosher

ANNEX D - THE WORKINGS AND DANGERS OF THE EUROZONE

It is vital to understand that the EU is not what it purports to be. Our elite have taken it at the face value of the rhetoric, and have not probed into the legal underpinnings. In law, the EU operates as a bloc for trade purposes, as the Eurozone for monetary purposes, and as Member states for fiscal purposes. The fiscal element is the most important feature by far. The integration that has arisen, with the benefits this has brought to (some of) the Member states, has not involved fiscal integration at the Eurozone level. Nor is there a Eurozone government, appointed to spend monies borrowed in the global financial market or levied from taxation across the zone. The funding of the zone operates almost entirely at Member State level, and Member states are left to fund themselves through taxation and borrowings, with the monies spent largely by member governments (albeit within broad parameters set centrally). Yet the Member states no longer have their own independent central banks to print more money to repay their debts if necessary. They all rely on a federal Eurozone central bank, the European Central Bank (the ECB), controlled by the Member states collectively, and in reality autonomous. The result requires ongoing consensus between Member states to help each other manage their debt, when they have profoundly different fiscal situations.

The arrangement is therefore very fragile and at odds with how States are properly established elsewhere. In order to be safe, the fiscal arrangements would need to be consolidated, ie there would need to be federal funding for the zone, akin to the arrangements in the US, which gives rise to liabilities for the entire zone. Germany is coming to a fork in the road. It can accept fiscal integration, for which it has not primed its population, with the massive loss of wealth that would bring with it, in return for some level of ongoing power through the EU organs of governance. Or it could resist such integration, which would lead to an unravelling of the Euro project and, most likely, the EU, since the countries at the periphery cannot fund themselves on their own whilst sharing a currency whose value is affected by German economic performance, and while having no control over their central bank. Right now, Germany has the golden benefits of the EU scheme without paying for them. These comprise an artificially low currency (dragged down by southern Member State debts for which Germany assumes no liability), unfunded subsidisation (in practice) of Eurozone buyers for their products (through the Eurozone payments system, TARGET2, which involves fiscal transfers made by book entries which are never settled), and an artificially cheap banking system (which operates on the fiction that the Member states' funding for the zone is federal, ie sovereign at the level of the Eurozone, which controls its own central bank, and therefore risk-free).

This cannot any longer be allowed by the UK to pass unobserved, since the adverse political consequences of the resulting contradictions and instability of the scheme for citizens across the EU and beyond are vast. Massive financial and economic risks arise from these arrangements. The reality is that the global financial market and other States are allowing the system to continue on the current basis on an assumption that Germany will bail it out if necessary, and yet the legal liabilities (and the resulting accounting treatments) do not match that assumption. This means that the EU as a whole, and the rest of the world, is exposed to the constant risk that Germany will, if a crunch arises, insist on its strict legal entitlements, and refuse to honour the basis on which the market, its fellow Member states and other States around the world are interacting with the zone.

The system of trade-offs of power, integration, sovereignty and economics at the moment operate to Germany's benefit. With fiscal consolidation, they would be likely to operate more to France's benefit, given its tentacles into the Brussels bureaucracy and the levels of public and private debt in France which would benefit from the German credit card. Inflation will postpone the crunch point, since it will reduce those debts – although it will also reduce the value of Germany's intra-Eurozone credit balance (in the TARGET2 system, albeit this is more theoretical than real, since it is never settled). Regardless, the arrangements do not operate in a manner compatible with the UK's notions of liberty, free trade and sovereignty embedded in its traditional legal approach. Nor do they ultimately operate in the interests of many of the Member states, or their citizens, since they are, by iteration, sacrificing sovereignty for (some level of perceived, short term)

financial assistance. The level of sovereignty being sacrificed has not been explained to the citizens, and the democratic deficit over EU law making is likely to cause unrest.

Over time, further integration would involve a continuance of efforts in Brussels, at the behest (principally) of Germany, to change the lifestyles and ways of life of those throughout the EU to match the methods of Germany, its dominant power, regardless of whether those changes are accepted locally. This will be essential to avoid unnecessary fiscal transfers from Germany to the rest. The system is currently leveraged on huge amounts of borrowed monies, affecting the balance sheets of the periphery in particular. As mentioned, the German debt to GDP ratio does not reflect the expectations of the Member states, other States and the financial market as to where the liabilities of the system ultimately fall. The music continues to play and ever more ingenious methods are being found to disguise the level of borrowing, and its implications. The accounting treatments are already highly opaque.¹⁰⁵ But at some point the deception may no longer continue, and profound choices will face those who currently see themselves as partners in a post-War peace project. The lack of commonality of interest and the fact that the EU's governance is largely controlled by France and Germany will become apparent. Difficult decisions will have to be made, in that many peripheral countries are now dependent on German money, or the non-binding promise of German money, or the possibility of that money. The choice will be one of exiting the euro arrangements (and most likely the EU), which will lead to an almost certain default on Member State debt obligations because of the resulting inability to repay euro debts when revenues are in a devaluing local currency, or carrying on. The experiences of South American countries in defaulting on debts and starting again may prove instructive.

In terms of Britain's financial exposures to any fallout from disruption in the EU project, we need to ensure that our financial system is properly capitalised to cover the risk. When we were inside the EU, the EU financial system interacted with the global financial market almost entirely in the UK (since London is one of the two global financial centres). Uniquely, our regulators mitigated Eurozone risk by levying top-up capital requirements, calibrated to address that risk, on financial firms incorporated here.¹⁰⁶ Now we are outside the EU, the EU markets still rely on the UK for their access to global capital flows, but the EU (led by France, and to some degree Germany) is endeavouring to pull financial business out of London and into the EU (principally the Eurozone, to a large degree Paris or Frankfurt) on the basis that (on their narrative) this is somehow "their" business. If we continue to facilitate these attempts by the EU to drag financial business to its shores, as we have already been doing since the Brexit vote, this will lead to a massive build-up of further, unmanaged Eurozone risk, to the detriment of the world, including the UK. In order to counteract that risk, we should introduce a requirement (ideally in coordination with the US, which should have similar interests to ours in this regard) for all UK-based (and US-based) financial firms to manage their exposures to EU financial institutions on the basis of a "worst case" assessment of the exposure of those EU financial firms to Eurozone risk, because we know that EU rules do not require those institutions to address that risk, with the result that it lies unmitigated on their balance sheets. In addition, UK-based financial institutions should be asked to find ways to service EU customers cross-border, from the UK. This would involve bypassing trade with EU financial institution intermediaries (including EU financial firms which are subsidiaries of global UK and US firms), thereby removing our exposure to risk contained in the Eurozone financial system entirely.¹⁰⁷ The UK could alternatively offer the EU a trade deal in financial services which reinstates the broader ability for UK financial firms to service their customers across the EU cross-border from the UK, in a manner similar to that which arose when the UK was within the EU.¹⁰⁸ The basis for this would be that we could better manage Eurozone risk while the EU considers, over the next 20-30 years, whether and when to integrate into a single political unit, thereby removing the dangers of the current arrangements. In either case, this would of course mean the EU fails in its attempts to pull business away from the UK, but these attempts cannot be allowed to succeed since they put the UK, the US and the world's financial system in jeopardy.

¹⁰⁵ See eg. *Managing Euro Risk*, *supra*, Technical Analysis, Chapter 3.

¹⁰⁶ See *Managing Euro Risk*, *supra*, for further detail on the points in this paragraph.

¹⁰⁷ See *Managing Euro Risk*, *supra*.

¹⁰⁸ This can be achieved by making minor amendments to EU laws which allow third country firms to service EU customers cross-border, solely under their own laws and regulations, so long as these are "equivalent" to those in the EU. Draft text which would achieve such an outcome is set out in Barnabas Reynolds, *A Template for Enhanced Equivalence: Creating a Lasting Relationship in Financial Services between the EU and the UK*, Politeia, 2017.



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