Public Goods and Private Interests: British Counter-Piracy Efforts in Hong Kong and the South China Sea, 1921-1935

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In the early morning of March 23, 1927, the residents of two coastal Chinese villages seventy-five miles east of Hong Kong awoke to find a British Royal Navy aircraft carrier and several other warships stationed offshore. A landing party of 300 soldiers and Hong Kong police destroyed both villages and sank forty small fishing boats (*The Times*, 1927b: 14). The raid was retaliation for an attack two days earlier against the steamship “Hop Sang,” owned by the British company Jardine Matheson. Pirates disguised as passengers had overwhelmed the steamship’s crew and diverted it to Bias Bay,¹ where they disembarked with a large haul of looted goods.² While piracy was common in the South China Sea during the 1920s and 1930s, British military intervention was not. London chose to ignore most pirate attacks, including attacks against oceangoing British-flagged vessels. What distinguished the “Hop Sang” piracy from most other attacks was not the ship’s cargo, route, nor flag, but rather its owners.

International Relations scholars and historians typically present British military interventions to suppress piracy in the imperial era as a quintessential example of the provision of public goods by a maritime hegemon (Ferguson, 2004: 25, 191; Kennedy, 1976: 164; Mandelbaum, 2010: 98; Nye, 2003: 142–145).³ The efforts to protect international maritime trade serve as a core empirical foundation for claims that hegemonic powers play a crucial stabilizing role in the international system. British historical examples are also used to argue for an activist United States foreign policy

¹ Now known as Daya Bay. This paper uses “Bias Bay” for consistency with archival sources.
² This tactic was referred to as “internal piracy” at the time. Although it does not fit the definition of piracy found in the 1982 UN Convention of the Law of the Sea, it was considered piracy at the time.
³ “Maritime hegemon” denotes a central subcategory of hegemonic status that focuses on the ability to exert unsurpassed commercial and military influence in the maritime realm. This status is a function of both naval power and maritime commerce, such as percentage of global maritime trade and control of overseas markets.
today (Mandelbaum, 2005: 14; Nye, 2002, 2017: 12). Based on the tenets of hegemonic stability theory, this standard explanation views powerful states as willing to take a leading role ensuring secure maritime trade routes to maintain or increase their access to overseas markets. Thus, global public goods provision is the by-product of a powerful state pursuing its own national self-interests (Kindleberger, 1973; Krasner, 1976).

While public goods scholars examine the consequence of counter-piracy intervention, this approach does not explain the sources of maritime hegemons' interests in suppressing piracy. As a result, it cannot adequately explain the significant variation in powerful states’ response to piracy, seen in both historical and contemporary cases. I address this gap by asking why, and under what conditions, do maritime hegemons intervene to suppress piracy? Because of the prominence of counter-piracy examples in public goods scholarship, this question allows for a broader investigation of powerful states’ motivations for serving as global public goods providers.

This paper examines the question though a case study of South China Sea piracy during the interwar period — an overlooked episode of significant and sustained pirate activity.\(^4\) Between 1921 and 1935, pirates based in Bias Bay hijacked hundreds of vessel in the South China Sea, including at least thirty-five large oceangoing steamships transiting in international waters.\(^5\) Despite being the region’s dominant maritime power, the British largely ignored the problem. Following particular instances of piracy, however, Britain launched punitive military actions, landing troops in China to burn villages. Officials even considered razing an entire township, which would have left as

\(^4\) Despite the attention paid to the Bias Bay pirates at the time, this case has never been examined in detail in any published source, scholarly or otherwise. Aspects of this case are discussed in Bowie (1983), Singleton (1983), and Ward (1991).

\(^5\) A list of these attacks is included as an appendix.
many as 10,000 people homeless. Based on original archival research conducted in the United Kingdom and Hong Kong, this paper demonstrates that pressure from business elites played a critical role in spurring London to pursue robust counter-piracy measures. In absence of this pressure — or when it originated from those lacking sufficient social capital (Bourdieu, 1986) — the British ignored piracy. This finding serves as a basis for revising the standard explanation of maritime hegemons’ interests in suppressing piracy to account for the domestic components of global public goods provision. Understanding these domestic components is crucial for explaining powerful states’ motivations for serving as global public goods providers.

Bias Bay piracy is particularly well-suited for studying a powerful state’s motivations for acting as a global public goods provider. This case is the most recent instance of maritime hegemon counter-piracy for which both government and corporate archival records are available. While the United States deploys naval assets off the Somali coast, contemporary classified documents will not be available for decades. Because this paper examines government decision-making, it is also critical to examine a period when communication technology permitted central authorities to stay in regular contact with military forces and diplomats around the world. Prior to the establishment of a global telegraph network in the latter half of the nineteenth century, ships and overseas colonies were cut off from central authorities for months at a time (Headrick, 1981). British decisions to carry out significant military interventions in response to acts of piracy were often taken by local authorities, rather than London (Fox, 1940; Graham, 1978). Although Britain’s relative maritime power decreased during the interwar period, no global naval force surpassed the Royal Navy in terms of gross tonnage until the mid-
1930s. The British also possessed the world’s largest merchant fleet until the middle of the twentieth century (Friel, 2003). Thus, Britain can be classified as a maritime hegemon in this period, albeit a declining one. British relative power was particularly pronounced in the South China Sea, where the Royal Navy retained its predominant position until Japanese maritime expansion in the mid-1930s.

This paper proceeds as follows: after a brief discussion of the maritime piracy literature, it examines causal explanations for counter-piracy intervention. This is followed by an examination of piracy in the South China Sea, with attention paid to the British decision-making process. The case is separated into three separate temporal phases, determined by Britain’s response (or lack thereof) to pirate attacks in China. The three phases allow for a within-case analysis of British motivations intervention in each period. It concludes with a discussion of the case study’s overall findings, and of business elites’ role in shaping foreign policy more broadly.

Counter-Piracy and the Provision of Global Public Goods

Although the spike in Somali piracy between 2007 and 2012 generated considerable research, counter-piracy remains an under-theorized subject. Scholars have tended to examine how powerful states suppress piracy, rather than why they chose to do so in the first place (Bueger and Stockbruegger, 2012; Daxecker and Prins, 2013, 2015; Hastings, 2012; Lewis, 2016; Lucas, 2013; Murphy, 2011; Percy and Shortland, 2013). When the sources of powerful states’ interests are addressed, military intervention to suppress piracy is typically presented as an effort to secure international shipping routes and ensure universal access to the global maritime commons (Mandelbaum, 2005: 14,
These benefits constitute global public goods because they are non-rivalrous and non-exclusionary (Barrett, 2010). This standard explanation is based on the tenets of hegemonic stability theory. A powerful state that dominates the international system through a combination of military and economic power has an interest in taking a leading role in providing stable global trade because it stands to benefit most relative to other states (Keohane, 1984; Kindleberger, 1973; Krasner, 1976). Therefore, it is in a hegemon’s rational self-interest to serve as benign providers of global public goods, even though this facilitates free-riding from smaller states (Ikenberry, 2006: 24; Joffe, 2002).

The empirical foundation for presenting counter-piracy as an example of global public goods provision is found in Britain’s historical experience in the nineteenth and early twentieth centuries. Paul Kennedy explains past British military counter-piracy interventions as helping to ensure safe passage for all vessels, regardless of their flag state. While British merchants were the intended beneficiaries of these efforts, “the fact that the general benefits of this campaign fell to all nations was never grudged” (1976: 164–165). Freedom of navigation, together with free trade and free capital movements, are described as “Victorian public goods,” which the British Empire willingly provided to the world (Ferguson, 2004: 191). Similarly, for International Relations scholars, powerful states’ motivations for suppressing piracy are viewed as part of a broader desire to protect international trade flows and globalization. For Joseph Nye, “maintaining open international commons such as freedom of the seas and the suppression of piracy” constituted one of the three classic public goods provided by the British Empire. This is instructive for the contemporary era, as the “United States, like nineteenth-century
Britain, has an interest in keeping international commons, such as the oceans, open to all” (2002, 2003: 144, 2017). Similarly, Michael Mandelbaum states that the “British navy patrolled the sea lanes along which much of the world’s commerce passed;” and that in “the second half of the twentieth century, the United States succeeded Britain, assuming the responsibility for providing secure geopolitical conditions for trade” (2005: 14). As a result, the United States retains the dominant “responsibility for quasi-governmental tasks that are vital to global order,” including “furnishing security for international economic activity” (Mandelbaum, 2010: 98). The idea that powerful states suppress piracy in order to protect international maritime trade is also reflected in contemporary United States government policy statements (A Cooperative Strategy for 21st Century Seapower, 2015; National Security Council, 2008).

Hegemonic stability theory has faced many conceptual and empirical critiques since it was first proposed (Gowa, 1989; McKeown, 1983; Morrison, 2012; Snidal, 1985; Webb and Krasner, 1989). Despite this, it remains the theoretical foundation for explaining powerful states’ motivations to suppress piracy. Because powerful states have an “interest in keeping international commons…open to all,” maritime hegemons willingly take on the burden of public goods provision (Nye, 2003: 144). What is missing, however, is an empirical examination of the sources of states’ interests in defending the commons. The standard explanation does not adequately address the more fundamental question of why powerful states sometimes act to provide global public goods, but at other times do not. In order to explain this variation, it is necessary to examine the domestic sources of states’ interests.
A Domestic Explanation of Counter-Piracy Intervention

The standard account provided by global public goods scholars assumes states to be rational, unitary actors that weigh the costs and benefits of foreign policy decisions prior to acting. A domestic level of analysis, alternatively, conceives of the state as “a representative institution constantly subject to capture and recapture.” Actors who possess sufficient influence are able to use the apparatuses of power to achieve their own foreign policy goals. This is primarily a bottom-up view, where the “fundamental actors in international politics are individuals and private groups.” As these actors’ interests are viewed as “analytically prior to politics,” it is their beliefs and desires that shape a state’s foreign policies, not the other way around (Moravcsik, 1997: 516–518). Political scientists have examined a vast array of different actors at the domestic level of analysis, with particular attention paid to corporate interests (Baumgartner, 2009; Coen, 1998, 2007; Gullberg, 2008; Milner and Tingley, 2015: 77–121; Smith, 2000; Waterhouse, 2013; Wright, 2002). While much attention is paid to domestic issues, scholars have also studied how corporate interests influence government decisions on a plethora of foreign policy issues, ranging from agricultural trade to grand strategy (Fordham, 1998; Frieden, 1989; Gawande and Hoekman, 2006; Narizny, 2007; Nolt, 2015; Solingen, 1998; Trubowitz, 1998; van Apeldoorn and de Graaff, 2014; Young and Levy, 2011).

The study of business influence on politics has a long history that extends beyond the political science literature. Adam Smith warned of merchants’ ability to persuade legislatures to pass laws supporting their parochial interests (2007: 502). Building off Marx and Engels’ claim that the “executive of the modern state is nothing but a
instrumental Marxists focus on the capitalist class’ ability to shape state policy (Aaronovitch, 1961; Laski, 1921; Miliband, 1969). Elite theory scholars use Max Weber’s concept of status groups (1994: 107–120), as distinct from classes, to examine how social elites shape government policy (Gilens and Page, 2014; Mills, 1956; Mosca, 1939; Pareto, 1935; Scott, 1982; Useem, 1984; Winters, 2011). Elites form longstanding and close social networks through familial ties, shared experiences in prestigious educational institutions, and membership in exclusive social clubs. These networks — or social capital — are “the product of investment strategies…aimed at establishing or reproducing social relationships that are directly usable in the short or long term” (Bourdieu, 1986: 249, 1996). Like economic capital, social capital can be converted into political influence. Business elites with social connections to government officials can more easily gain access to policymakers than those without. Calls for action and requests for assistance originating from within a socially cohesive elite status group are less likely to be ignored than requests from lower status outsiders (Scott, 1982: 158–162; Useem, 1984: 63). Ethnographic and historical studies of Britain demonstrate the close social ties between government officials and business elites, both at home and in the colonies during the period in question (Bickers, 1999; Glennerster and Pryke, 1973; Lupton and Wilson, 1959; Miliband, 1969: 37). While the inter-war period witnessed significant social changes, men from high-status family and educational backgrounds continued to

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6 There is no single agreed upon definition of “social capital.” I use this term as it is employed by Pierre Bourdieu, who focuses on high-status individuals’ ability to mobilize networks of connections for their own advantage.
dominate the upper echelons of government and business. For example, only in 1919 did it become possible to join the Foreign Office without a private income (Sampson, 1962). As piracy is directed against commerce, an examination of state motivations for suppressing pirate attacks must also account for the role private commercial interests play in shaping the decision-making process. A domestic explanation posits that maritime hegemons intervene to suppress piracy in response to pressure from business elites. Thus, powerful maritime states do not seek to provide global public goods in order to serve their broader national interests, as portrayed in the standard account (Kennedy, 1976: 164–165; Nye, 2002, 2003: 144); instead they seek to provide club goods to benefit the parochial interests of those with the requisite social capital to influence government policymaking. Because club goods are less costly to provide than public ones, maritime hegemons will seek to avoid acting as a public goods provider whenever possible. They act as public goods providers only when there is no alternative way to protect the private business interests of domestic elites.

*The Bias Bay Pirates: 1921 - 1935*

**PHASE I (1921-26): INACTION**

The political instability caused by the collapse of the Qing Dynasty in 1912 and the ensuing prolonged civil war was a boon for pirates in China. As Beijing ceased to exercise authority over much of the country, banditry and warlordism increased. In coastal regions, bandits focused their attention on the most lucrative targets: the merchant

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7 A list this case study’s key figures, with details on educational background, is included in the appendix.

8 Like public goods, club goods are non-rivalrous; however, unlike public goods, they are exclusionary in that benefits are limited to those in “the club.”
ships that transited between ports in East Asia and around the world. The most active pirates operating in the South China Sea were based in Bias Bay, seventy-five miles northeast of Hong Kong. The earliest reported attack on an oceangoing steamship attributed to these pirates occurred in December 1921, when pirates attacked the Chinese-flagged “Kwong Lee” while it was en route from Shanghai to Hong Kong. Although the pirates shot a Chinese passenger and stole approximately £300,000 (2017) worth of valuables, there was little reaction from British authorities (Bowie, 1983: 171). Britain’s response to the piracy of the British-flagged “Sui An” eleven months later was somewhat less muted. Owned by Hong Kong merchants, the “Sui An” was transiting from Macao to Hong Kong when it was seized by pirates who had boarded as passengers.9 As a result of the attack, the Governor of Hong Kong, Reginald Stubbs, established a special anti-piracy commission in the colony (Bowie, 1983: 171). Following the piracy of several other vessels in the vicinity of Hong Kong, including a local ferry, Stubbs proposed a joint military expedition with local Cantonese forces situated in Guangzhou to attack suspected pirate villages. The Cantonese declined the offer, stating that they “were willing and able to deal with [the] situation themselves.”10

The increase in attacks led local Hong Kong merchants to demand greater naval protection for their vessels.11 Although London considered these proposals, some officials — particularly those in the Foreign Office — were concerned that robust counter-piracy efforts could increase anti-British sentiment in China. In the view of the Consul General in Guangzhou, James Jamieson, landing troops in China was “not called

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10 Ronald Macleay to Foreign Office, January 13, 1924.
for” in these instances.\textsuperscript{12} The piracy of the British-flagged “Hydrangea,” also owned by Hong Kong merchants, elicited a similar response from Foreign Office officials, who viewed military actions to suppress piracy as “quite inconsistent with our policy of non-intervention.”\textsuperscript{13}

As piracy continued to flourish throughout 1924, British officials in China faced increasing demands from local Hong Kong merchants that they take a harder line against pirates.\textsuperscript{14} To reduce attacks on British ships, Jamieson proposed limiting the number of vessels allowed to register as British; although he admitted that removing “from the Hong Kong register all ships not owned by indisputably British companies … would not prevent piracy, it would at any rate prevent the occurrence of insults to the British flag.” Although this proposal was rejected as impracticable, the fact that it was considered points to a distinction in the minds of officials between the owners of British vessels. While these locally owned vessels employed British officers, government officials dismissed them as “beachcomber types,” denoting their low social status.\textsuperscript{15}

The archival record lists three attacks against oceangoing vessels by the Bias Bay pirates in 1925 — two British and one Chinese. In January pirates hijacked the British-flagged “Hong Hwa,” en route from Singapore to Hong Kong. The ship was owned by Lim Peng Siang, a British subject and wealthy Singaporean merchant. The “Hong Hwa” was diverted to Bias Bay, where the pirates disembarked, taking over £260,000 (2017) in loot.\textsuperscript{16} Eight days later a detachment of Cantonese soldiers raided the village, in

\textsuperscript{12} Jamieson to Foreign Office, November 23, 1923.
\textsuperscript{13} B. Newton (minute), January 7, 1924.
\textsuperscript{14} “Notes on Piracy in the Delta 1924,” May 14, 1925.
\textsuperscript{15} Jamieson to Foreign Office, June 17, 1924.
\textsuperscript{16} “General Report on the Piracy of the S.S. ‘Hong Hwa,’” March 3, 1925.
cooperation with a small contingent of Hong Kong police (*The Times*, 1925). In May, pirates hijacked the Chinese-flagged “Hui Hai.” Unlike the “Hong Hwa” attack, the “Hui Hai” piracy elicited no official British reaction. The absence of attention paid to the piracy of the Chinese ship is made more apparent when it is compared to the attack on the “Tung Chow,” a vessel owned by the London-based company John Swire & Sons.

On December 18, 1925, pirates hijacked the “Tung Chow” as it transited between Shanghai and the Shandong peninsula in northern China. In response, Swire & Sons’ senior managers began calling for government action, referring to the fact that as tax-paying British merchants they were entitled to Royal Navy protection. This lobbying was primarily conducted via social contacts within the British government. A confidential Swire & Sons’ correspondence stated that Sidney Barton, the British consul in Shanghai, “is doing his utmost to get the British government to realize that action by the Navy is the only cure for these attacks.” Government records confirm this, as a telegraph from Barton to the Royal Navy urged “that immediate action be taken by the British Naval authorities to deal with [the] pirate base in Bias Bay.” The navy acted upon the telegram immediately by offering assistance to Cantonese authorities to combat piracy.

British officials were quick to respond to calls for action from Swire & Sons managers by offering to assist the Cantonese government; however, they continued to oppose unilateral military interventions. Many in the Foreign Office viewed these actions

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17 “Piracies of Sea Going Ships Committed by Bias Bay Pirates since 1921,” August 29, 1929.
18 “Piracy of S.S. Tung Chow,” March 1, 1926.
19 Swire & Sons to Austen Chamberlain, Secretary of State for Foreign Affairs, December, 1925.
20 John Swire & Sons Internal Correspondence: Shanghai to London, December 31, 1925.
21 Sidney Barton, Consul General, Shanghai to Cecil Clementi, Governor of Hong Kong, December 24, 1925. Retransmitted to Secretary of State for the Colonies, January 20, 1926.
22 Clementi to Secretary of State for the Colonies, January 20, 1926.
as harmful to Britain’s broader interests in China; opinions articulated by the Consul in China, George Moss, who questioned the logic of counter-piracy operations in waters where British trade was absent, asking “why should we patrol it for the benefit of foreign shipping?” Although no British ships were attacked between December 1925 and November 1926, the Bias Bay pirates continued to hijack vessels throughout the South China Sea. In February 1926, they attacked a French ship and carried off over £400,000 (2017) worth of gold and silver bullion. The following month pirates hijacked the Chinese “Hsin Kong” in a similar fashion. Although these attacks were as detrimental to international maritime trade as that on the “Tung Chow,” British public records contain scant references to either.

Not all British officials approved of London’s willingness to ignore piracy in China so long as it did not directly affect ships owned by London-based shipping companies. The new Governor of Hong Kong, Cecil Clementi, proved to be one of the most vocal supporters of direct intervention. In a June 1926 secret dispatch to the Secretary of State for the Colonies Leo Amery, he proposed that immediately following the next piracy, British soldiers should be dispatched to Bias Bay. “The troops would also search pirate villages and, if necessary, destroy them.” Despite gaining support among several senior Foreign Office officials, Clementi’s plan was still viewed as risky by many. In early November 1926, Austen Chamberlain, the Foreign Secretary, stated that

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25 “Piracies of Sea Going Ships,” August 29, 1929.
26 Clementi to Amery, June 30, 1926.
he was “rather alarmed” by the Bias Bay plan and summoned the Deputy Undersecretary for Foreign Affairs, Victor Wellesley, to discuss the matter.\(^27\)

This initial phase is characterized by London’s reluctance to act against the Bias Bay pirates, despite protestations from Hong Kong merchants. Although the pirates attacked British ships and threatened international maritime trade throughout the region, most senior British government officials continued to favour non-intervention. British subjects killed or injured in these attacks were dismissed as being of low social status. This policy faced significant challenges following the attack on the “Tung Chow” in December 1925, which provoked an immediate lobbying campaign from London-based business elites. After that attack, government officials began considering unilateral military action to protect British shipping. London’s concern, however, did not extend to all ships equally. Unlike the “Tung Chow” piracy, attacks on locally owned British vessels did not lead to discussions of unilateral intervention. The ships were of comparable size, transited the same routes, carried similar cargo and passengers, and flew the same flag; they differed only in ownership. Unlike other British ships attacked in this phase, the “Tung Chow” was owned by the London firm Swire & Sons — run by men like George Warren Swire.\(^28\) An Old Etonian, G.W. Swire was a member of the same elite status group as most of the senior government officials he lobbied.\(^29\)

PHASE II (1927): OFFENSIVE MEASURES

\(^{27}\) Chamberlain (minute), November 5, 1926.
\(^{28}\) G.W. Swire served as Chairman of Swire & Sons from 1927 to 1946.
\(^{29}\) The moniker “Old Etonian” refers to graduates of Eton College.
For nearly eleven months following the “Tung Chow” piracy, discussions about how to respond to attacks on British ships remained hypothetical. Although the Bias Bay pirates continued to hijack vessels at a rate more than twice that of 1925, none flew the British flag. In November 1926, however, pirates attacked the British steamship “Sunning,” which, like the “Tung Chow,” was owned by Swire & Sons. The “Sunning” piracy began in the same manner as previous attacks, with pirates disguised as passengers hijacking the ship and forcing it to steam towards Bias Bay. At a little after midnight, as the ship transited towards Bias Bay, a crewmember hit one of the pirates over the head with a lead weight. A fracas ensued, and the ships’ crew soon recaptured the bridge.\(^{30}\) After several unsuccessful attempts to regain control of the vessel, the pirates abandoned the “Sunning” in two of the ship’s boats, taking stolen goods and money with them.\(^{31}\)

Swire & Sons managers’ immediate response to the “Sunning” piracy was to press their demands for increased Royal Navy protection for their steamships. G.W. Swire, telegraphed the Foreign Office to request a meeting “to get information about what you are going to do in this matter of piracy prevention.”\(^{32}\) The following week, he telegraphed again to inform them that repairing the ship would cost £734,000 (2017), concluding by stating “it is a pretty expensive business for those of us who are not protected as we should be.”\(^{33}\)

More so than any previous attack, the “Sunning” piracy got the attention of Britain’s highest-level policymakers. On November 23, Chamberlain presented the Cabinet with a memorandum on piracy in China. The memorandum expressed the

\(^{31}\) E.D.C. Wolfe, Captain Superintendent of Police, Hong Kong to W.T. Southorn, November 20, 1926.
\(^{32}\) G.W. Swire to G.A. Mounsey, November 17, 1926.
\(^{33}\) G.W. Swire to V.A. Wellesley, November 24, 1926.
Foreign Office’s general concurrence with Clementi’s plan for direct military intervention on the Chinese mainland, although it raised concerns about the repercussions of these actions. While not unequivocally endorsing the plan to land troops in China, the memorandum stated that the Foreign Office would not object if it was consulted beforehand. This represented a major shift in the Foreign Office’s policy towards counter-piracy. With the Foreign Office’s acquiescence, the Cabinet approved the plan for a punitive raid against villages in Bias Bay, with the caveat that it not be carried out until after the next piracy of a British ship.

That attack came in late January 1927, when more than 100 pirates hijacked the British ship “Seang Bee” en route from Singapore to Hong Kong. Owned by the Singapore-based China & Southern Trading Company, it was the largest ship hijacked in the South China Sea to that date (The Times, 1927a). It was also one of the costliest piracies, in terms of valuables looted (Bowie, 1983: 171). Clementi viewed this as an excellent opportunity to carry out punitive action against villages in Bias Bay. However, despite agreeing to the proposal following the attack on Swire & Sons’ “Sunning,” the proposed raid now met with strenuous opposition from senior Foreign Office officials. Claiming that raiding villages in Bias Bay “would produce [a] disastrous effect on world opinion,” Chamberlain got the Colonial Office to agree that no direct punitive actions would be taken without first consulting British diplomats in China.

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35 “Minutes of the 38th Meeting” Committee of Imperial Defence [CID], Chiefs of Staff Sub-Committee, December 2, 1926.
36 Clementi to Amery, January 31, 1927.
37 Chamberlain to Miles Lampson, British Minister to China, February 1, 1927.
On March 21, 1927, Bias Bay pirates hijacked Jardine Matheson’s “Hop Sang” while it steamed to Hong Kong. On receiving news of the piracy, Clementi sent a telegram to Amery urging “that a punitive expedition to Bias Bay should be authorized immediately.” At 1:58 pm the following day, the Colonial Office received a telegram from Clementi stating that a “[p]unitive operation will be carried out by the Navy at dawn March 23rd unless you telegraph instructions to the contrary.”\(^{38}\) At 5:25 pm Amery telegraphed Clementi to instruct him not to act without first consulting the British minister in Beijing, Miles Lampson.\(^{39}\) By this time, however, a small fleet was already steaming towards Bias Bay. Early the next morning, 300 troops destroyed two villages and sank approximately forty small vessels anchored offshore. Notices were also distributed informing residents that the raid was in retaliation for an attack on a British vessel.

British officials in London were surprised to learn that Clementi had gone ahead with the raid, seemingly in contravention of Colonial Office orders.\(^{40}\) In response to Amery’s inquires on the matter, the governor defended his actions by stating that he had received the directive not to proceed thirty minutes after the punitive operations in China had already commenced. He further justified his actions by stating that “immediate action was essential in order that punishment might follow [the] crime.”\(^{41}\) Although Clementi’s action displeased many in the Foreign Office, British diplomats presented a united front

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\(^{38}\) Clementi to Amery, March 22, 1927.
\(^{39}\) Amery to Clementi, March 22, 1927.
\(^{40}\) See discussion in minutes, March 23, 1927.
\(^{41}\) Clementi to Amery, March 30, 1927.
when confronted with protests over the raid from the Kuomintang government. The British government also hoped the punitive raid would put an end to Bias Bay piracy.

The unilateral military intervention, however, did not have the desired effect. The Bias Bay pirates continued to attack steamships throughout the spring and summer of 1927. As Kuomintang forces pushed northwards in an effort to unify the country under a central authority, wealthy Chinese citizens moved large amounts of gold and silver bullion to the relative safety of Hong Kong and other ports in southern China and abroad. These high value shipments provided greater incentives for piracy. Over a five-day period in late August 1927, Bias Bay pirates hijacked two large oceangoing steamships in the South China Sea: the Chinese ship “Hsinchi” and Jardine and Matheson’s “Yatshing.” The day after the “Yatshing” arrived in Hong Kong, the Royal Navy dispatched a task force to Bias Bay. The raid proceeded in a similar fashion to the one carried out in March, with soldiers landing and destroying homes of suspected pirates. The raid led to more protests from the Cantonese authorities, who objected to these “repeatedly inhuman and lawless acts” which showed that the British “delight in being international criminals.”

Kuomintang protests did little to dissuade Clementi from advocating for increasingly harsh actions against pirates. In early October he proposed a plan to destroy an entire township on the shores of Bias Bay — an operation that would take 500 soldiers three days to complete and would destroy 2,000 homes, leaving 8,000 to 10,000 people homeless. Appalled by Clementi’s plan, the senior naval officer in Hong Kong refused to

42 Brenan to the Kung Hsiang-hsi, Acting Minister for Foreign Affairs, Canton, March 29, 1927.
43 Clementi to Amery, September 1, 1927.
44 Clementi to Amery, September 2, 1927.
45 Wu Chaoshu to Brenan, September 6, 1927.
participate. Many at the Foreign Office, including Chamberlain himself, shared the view that Clementi’s plan was both impracticable and immoral. It was also becoming clear that punitive raids were not effective in quelling piracy. Following the rejection of Clementi’s plan to destroy an entire Chinese township, London began to focus on defensive measures, such as stationing armed guards on board passenger steamships. These defensive measures would come to characterize the third phase of British counter-piracy operations in the South China Sea.

During the second phase, the British government adopted a more robust counter-piracy policy, which included unilaterally conducting punitive raids against suspected pirate villages in mainland China. These raids, however, were only carried out in response to attacks on ships owned by London-based shipping companies. The archival record demonstrates that British government officials paid considerably more attention to attacks on British-flagged merchant ships than to attacks on foreign vessels. Discussions about raiding Bias Bay villages explicitly referenced responding to attacks on British vessels, a point made clear in official notices given to village residents. Britain’s willingness to ignore piracy against foreign vessels during this phase further challenges the standard explanation that Great Powers are motivated to protect international maritime trade and ensure universal access to the maritime commons.

While London was ostensibly concerned with all attacks on British ships, in practice, the response to the “Sunning” (Swire & Sons), “Hop Sang” (Jardine Matheson), and “Yat Shing” (Jardine Matheson) attacks differed significantly from the response to the piracy of the “Seang Bee” (China & Southern). Of the four attacks, that on the “Seang

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46 Tyrwhitt to Lampson, October 22, 1927.
Bee” was the only one in which officials in London explicitly forbade Clementi from launching a raid on Bias Bay, despite the attacks being both the largest and costliest. Although wealthy British subjects, the “Seang Bee’s” Singaporean owners were not members of the London social elite; thus, British officials did not have to face pressure from within their own status group.

Conversely, the two punitive raids that were carried out in this phase came in immediate aftermath of attacks on Jardine Matheson’s “Hop Sang” and “Yat Shing.” A long-standing a merchant firm with Scottish roots, by the 1920s Jardine Matheson was primarily controlled by the Keswick family. Like Swire, the Keswick family was (and still is) members of Britain’s social elite. For example, Henry Keswick, the company’s director in 1927 was a graduate of Eton and Cambridge, and had served both as a Member of Parliament and the Hong Kong Legislative Council (Jones, 2000).

PHASE III (1928-35): DEFENSIVE MEASURES

On April 14, 1928 pirates hijacked the Chinese-flagged “Hsin Wah” en route from Shanghai to Hong Kong. Although Clementi reported the incident, officials at the Foreign Office saw “no British interests directly involved in the ‘Hsin-Wah’ case” as the vessel was not British.47 This act of piracy was soon overshadowed by an attack on Swire & Sons’ “Tean,” on May 27. Britain immediately sent protests to the Kuomintang government, now established in Nanjing, demanding that the Chinese retaliate against the pirates.48 In response, the Chinese dispatched a gunboat to Bias Bay, an indication of the

47 Toller (minute), July 12, 1928.
Nationalist’s increasing capability to govern.\textsuperscript{49} This action led the British government to determine that unilateral action was not required.\textsuperscript{50}

In late September, a second Swire & Sons’ ship, the “Anking” was hijacked while steaming from Singapore to Hainan Island off the southern Chinese coast. During the attack two British officers and one Chinese crewmember were killed and the ship’s captain was wounded.\textsuperscript{51} Following the attack, a senior Swire & Sons manager wrote to the Foreign Office threatening that the company would cease carrying Chinese passengers if something was not done about piracy. In a postscript he added that “[m]y own opinion is that the provision of Military guards is the immediate step to take.”\textsuperscript{52} The use of anti-piracy guards, and the question of who should pay for them, proved to be the most contentious dispute between the British government and the mercantile community over the next several years.

In response to pressure from the business elites, London began considering stationing British military personnel on board British steamships in China. Not all British ships were entailed to this protection, however, as only five merchant firms were included in the plan, among them Jardine Matheson and Swire & Sons.\textsuperscript{53} No consideration was given to stationing anti-piracy guards on locally owned British ships. The Royal Navy, not wishing to deploy sailors for the purpose, suggested that the army be tasked with the operation, adding that the Hong Kong-based soldiers “might appreciate the opportunity of [a] change of air.”\textsuperscript{54} The senior army officer in Hong Kong,

\textsuperscript{49} Chu Chao-hsin, Commissioner for Foreign Affairs, Canton, to Brenan, June 8, 1928.
\textsuperscript{50} See correspondence between CO and FO, August 1928.
\textsuperscript{51} Southorn to Amery, September 30, 1928.
\textsuperscript{52} H.W. Robertson to Mounsey, October 3, 1928.
\textsuperscript{53} The other three companies were Peninsular & Oriental, Douglass Steamship Company, and Canadian Pacific.
\textsuperscript{54} Tyrwhitt to Admiralty, October 3, 1928.
however, opposed using his men as anti-piracy guards because it would be detrimental training.\textsuperscript{55} These objections were overruled by London, and the Army Council authorized the deployment of soldiers as anti-piracy guards. In late October, company executives were informed of the decision; however, as this was only to be a temporary measure, the government also advised shippers to prepare to provide for their own defence in future.\textsuperscript{56} This final directive irritated G.W. Swire, who testily informed the Foreign Office that “I am afraid that we cannot accept the entire onus … of our own defence.”\textsuperscript{57}

G.W. Swire’s concern that government intended to shift the expense of providing armed guards to the companies was shared by other British business elites. In November, Jardine Matheson senior managers met with Foreign and War Office officials. The War Office advised the shipping company “to get as influential representations made from Hongkong [sic] as possible, both official and non-official, with the view of bringing pressure to bear.” This information was relayed to Jardine Matheson’s manager in Hong Kong, who was also a member of the colony’s Legislative Council.\textsuperscript{58} Together with the representations from Swire & Sons and Jardine Matheson, the government also faced pressure from insurance companies, merchant marine guilds, business associations, and Members of Parliament regarding the anti-piracy guards.\textsuperscript{59}

The pressure on the government to maintain deployments of British soldiers on board steamships continued throughout the winter of 1929. Despite these efforts, that

\textsuperscript{55} Major-General C.C. Luard to War Office, October 3, 1928.
\textsuperscript{56} Mounsey to Robertson, October 24, 1928.
\textsuperscript{57} G.W. Swire to Ashton-Gwatkin, October 25, 1928.
\textsuperscript{59} Coombs to Locker-Lampson, November 14, 1928; China Association to Chamberlain, November 15, 1928; T.W. Moore, Imperial Merchants Service Guild, Secretary, to Chamberlain, November 21, 1928; Looker to Locker-Lampson, November 12, 1928.
spring the companies were informed that the guards would be withdrawn the following year in April 1930. On June 5, 1929 Ramsey MacDonald returned to 10 Downing Street at the head of a Labour government. The change in government did not, however, initially alter the stated plan to withdraw the guards the following April. Increasingly concerned by the possibility of having to pay for their own defence, Swire & Sons, Jardine Matheson, and the Peninsular and Oriental Steam Navigation Company, together with the Merchant Navy Federation, wrote a joint letter requesting a meeting with the Prime Minister. Given other matters at hand, however, Ramsey MacDonald was unable to immediately grant the companies’ request.

Although the executives had trouble getting access to the Labour Prime Minister, G.W. Swire was able to meet with the Prime Minister’s son, Malcolm, a newly-elected Member of Parliament. The younger MacDonald had travelled to China in 1929, where he had made several personal contacts in the business world, including Swire & Sons’ Shanghai manager. He also had close personal connections with senior Foreign Office officials. The companies considered MacDonald “very sympathetic” towards their concerns over piracy. Over the next several months, MacDonald and G.W. Swire exchanged several correspondences, a fact that Swire wanted to be kept confidential. For his part, MacDonald was willing to write to senior government officials on behalf of his “friends who have large business interests in China,” including Swire & Sons and Jardine Matheson. The fact that these letters were written on 10 Downing Street

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60 Wasitell to A.V. Alexander, First Lord of the Admiralty, August 29, 1929.
61 John Swire & Sons to R. Macdonald, November 21, 1929.
62 Jardine Matheson Internal Correspondence: London to Hong Kong, January 23, 1930.
63 Dalton to Wellesley, December 29, 1929.
64 Jardine Matheson Internal Correspondence: London to Hong Kong, January 23, 1930.
65 M. MacDonald to A. Henderson, Secretary of State for Foreign Affairs, July 22, 1930.
letterhead likely did not go unnoticed by the recipients. He also helped set up a meeting between the shipping companies and the Admiralty.\textsuperscript{66} As a senior Jardine Matheson manager put it: “[MacDonald] is entirely in sympathy with the Companies’ views and has done his best to press our point of view on the powers that be.”\textsuperscript{67}

The elder MacDonald appears to have been less sympathetic to the shipping companies than his son. In a letter to Swire & Sons on March 7, he made it clear that British military guards would be withdrawn according to plan and that the merchants should make their own arrangements for protection.\textsuperscript{68} However, on the same day it received the Prime Minister’s letter, Swire & Sons’ London office telegraphed Hong Kong, stating that “we are informed … unofficially” that the government was considering extending the guards’ deployment for another six months.\textsuperscript{69} Although the telegram did not identify the unofficial source, records show that G.W. Swire received a “quite unofficial” letter from Malcolm MacDonald the previous day.\textsuperscript{70} The information proved accurate, as on March 12th the Cabinet agreed to temporarily extend the guards’ deployment, conditional on certain provisions.\textsuperscript{71} Most important among these provisions was the requirement that shippers reimburse the government for the costs.

Although none of the shipping companies welcomed the idea of covering the expense of providing armed guards, Swire & Sons was the most opposed to what it saw

\textsuperscript{66} John Swire & Sons Internal Correspondence: London to Hong Kong, February 21, 1930; “Statement of Interview at the Admiralty,” March 24, 1930.
\textsuperscript{67} Jardine Matheson Internal Correspondence: London to Hong Kong, March 20, 1930.
\textsuperscript{68} N. Butler, Private Secretary to the Prime Minister, to John Swire & Sons, March 7, 1930.
\textsuperscript{69} Jardine Matheson Internal Correspondence: London to Hong Kong, March 7, 1930.
\textsuperscript{70} During later legal action between Swire & Sons and the British government, the company informed its attorneys that “the correspondence between Mr. G.W. Swire and Mr. Malcolm MacDonald is quite unofficial and personal” and there should not be disclosed. The contents of this letter do not survive in the archival record. John Swire & Sons to Thompson, Quarrell & Attnave, March 12, 1931.
\textsuperscript{71} Foreign Office to Lampson, March 18, 1930.
as “the onerous conditions” of having to pay for their own security. In June, Swire & Sons sued the government for not providing adequate protection against pirates. While the court agreed that the government had a “political duty” to protect British subjects, it was not under any legal obligation to protect British ships in China from piracy. Swire & Sons appealed the ruling, this time using the feudalistic argument that “as the subject oweth to the King true and faithful ligeance and obedience, so the King is to govern and protect his subject.” The Court of Appeal was not convinced by the argument, commenting that “Henry II would, I think, have been surprised to hear that if his tenant went to China, the King was bound to follow and protect him.” Swire & Sons’ case was again dismissed.

While piracy continued to plague shipping in northern China throughout the 1930s, Bias Bay piracy largely disappeared by the middle of the decade. The final attack attributed to these pirates took place in January 1935, when Swire & Sons’ “Tung Chow” was hijacked shortly after it departed Shanghai. As had happened a decade earlier, the ship was taken to southern China and looted. Technological advances, as well as domestic political changes in China, however, meant that the pirates were not as successful as they had been in 1925. Once it became clear that the ship was overdue at its destination, the Royal Navy initiated a search, which included the use of aircraft. Although the pirates tried to disguise the ship, naval aviators spotted the “Tung Chow” seventy miles east of Hong Kong. On seeing the airplanes, the pirates fled inland. British

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72 Butterfield and Swire to Commodore R.A.S. Hill, Anti-Piracy Committee President, Hong Kong, March 31, 1930.
73 Thompson, Quarrell & Attneave to Treasury Solicitor, June 24, 1930.
74 “Notes of Judgment,” May 19, 1931.
75 “Notes of Judgment” April 11, 1932.
diplomats in China informed Kuomintang officials of the attack, who promised to act promptly. Unlike the unfulfilled promises of the 1920s, Chinese soldiers were soon dispatched to the region.\textsuperscript{76} Although piracy continued in other parts of China, the hijacking of passenger steamships in southern China temporarily ceased until after 1945 the British again had to deal with piracy in southern China.\textsuperscript{77} Once the People’s Republic of China reasserted Beijing’s authority throughout the country in the early 1950s, however, the centuries-old problem of Chinese maritime piracy largely disappeared.

The third phase was characterized by defensive anti-piracy measures — measures focused exclusively on British vessels. Although pirates targeted many countries’ ships, attacks on foreign flagged ships were dismissed as not concerning British interests.\textsuperscript{78} As before, however, protection did not extend to all British ships equally. There was no discussion of providing soldiers to guard ships owned by local British companies in Asia. This phase also witnessed sustained pressure by British business elites, like G.W. Swire, to get the government to do more to protect British shipping. Swire was able to use his social connections to exert influence both officially and unofficially. Malcolm MacDonald’s willingness to lobby government officials on behalf of his friends with business interests in China (as well as possibly leaking confidential information) is the clearest example of social capital’s utility. This pressure played a significant role in determining British counter-piracy policies during the period, particularly regarding the provision of anti-piracy guards. Although London did not agree to all the shippers’

\textsuperscript{78} Toller (minute), July 12, 1928.
demands, such as indefinitely providing guards free of charge, business elites were often successful in influencing government policy to serve their private interests.

Conclusion

British policies towards the Bias Bay pirates changed significantly between 1921 and 1935. From largely ignoring the problem in the first phase, Britain adopted a policy of punitive military raids in phase two. This policy was in direct response to attacks on Swire & Sons and Jardine Matheson ships, as punitive raids were explicitly forbidden in attacks on locally owned British ships. When the punitive raids failed to stop attacks, London implemented defensive measures, such as deploying anti-piracy guards on board some British steamships. Again, this protection was not provided to all British ships, as only select shipping companies, like Jardine Matheson, Swire & Sons, and Peninsular & Oriental, received armed guards. A domestic explanation focusing on business elite lobbying is necessary to account for this shifting response to piracy. British counter-piracy efforts were directly tied to attacks on shipping companies, like Jardine Matheson and Swire & Sons, controlled by elite British families. Men like G.W. Swire used their social capital to acquire private information and influence government policies to promote their private interests. Attacks against foreign-flagged vessels, and even British vessels owned by those lacking sufficient social capital, garnered little attention or reaction. British citizens of low social status killed or injured in these attacks were denigrated as “beachcomber types” and ignored.

Influential domestic actors were not always successful in persuading London to pursue their preferred policies. Unsurprisingly, shipping companies wanted the
government to do even more to promote their interests. G.W. Swire, for example, appears to have been perpetually displeased with London’s response. While government officials addressed the companies’ demands, they were also mindful of competing concerns, such as the expense of counter-piracy operations and fears of entanglement in the civil war. Despite powerful disincentives to pursue counter-piracy operations, however, Britain continued to actively suppress pirates — actions that were taken primarily in response to pressure from business elites in London. This challenges the standard explanation that maritime hegemons intervene to suppress piracy to ensure universal access to the maritime commons and secure international shipping lanes, as put forward by public goods scholars. Importantly, it does so based on a detailed examination of a critical case for this argument’s supporters: historical British counter-piracy. Rather than global public goods, Britain sought to provide club goods. Members of the club (sometimes literally) enjoyed the benefits of military intervention, whereas outsiders — either in terms of nationality or social status — were denied these same advantages. These findings highlight the importance of elite preferences in shaping foreign policy more broadly. Although none would dismiss business interests as unimportant — as evidenced by vast sums corporations spend on lobbying governments around the world each year around — public goods scholars have tended to ground their analysis in structural explanations, like hegemonic stability theory. As this case study demonstrates, without examining the domestic constituents of the decision-making process, however, we cannot explain powerful states’ motivations for serving (or, as is often the case, refusing to serve) as global public goods providers.
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