



Talking to China

What Business Leaders Can Learn from Politicians Mistakes

BY ROBERT LAWRENCE KUHN

The irony about China, a senior Chinese leader told me recently, is that “when for more than a century foreigners thought we were so weak, we weren’t really so weak, and now when foreigners think we are so strong, we aren’t really so strong.”

When American and Chinese political leaders interact, divergent perceptions are common. Ameri-

cans focus on their huge trade imbalances with China, Chinese fret about foreign acquisitions of their companies. Americans envision China as a voracious economic competitor and growing military power; Chinese assert that more than half of its exports—and about 85 percent of high-tech exports—come from foreign-funded firms, and that it needs a strong military to protect its homeland. Ameri-

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cans see China awash with cash, holding more than \$1 trillion in reserves; Chinese see their vast, poor rural population, 300 million of whom must be moved to urban areas by 2020.

Divergent perceptions are dangerous. In 1999, during NATO's military campaign against ethnic cleansing in Yugoslavia, an American aircraft accidentally bombed the Chinese embassy in Belgrade. When the Chinese government bused college students across Beijing to the U.S. Embassy to protest violently, American politicians assumed that Chinese leaders orchestrated the demonstrations. In truth, the Chinese leaders worried that if protesting students marched through the city to the U.S. Embassy their ranks would swell with workers and common citizens. So the Chinese leaders determined that busing the students would be the best way to contain, and not exacerbate, the volatile situation—precisely the opposite of what American politicians assumed.

To no small degree, the peace and prosperity of the 21st century depends on the bilateral relations between China and America. Good communications are vital for political leaders, and it is no less so for business leaders. Let's explore both.

Political Communications

Effective political communications require honesty and clarity. The place to start is for each side to explain how it truly feels about the other side. Being frank is often uncomfortable, but if both sides are sincerely interested in reaching agreement, it is often the optimum approach.

Most Chinese believe that America seeks to “contain China” and thwart its historic resurgence as a great nation. This is the real reason, they say, that America supports Taiwan, not as a worthy democracy but as an “unsinkable aircraft carrier” by which America can assert dominance over China and keep the motherland divided. Chinese see America encircling them by military alliances with Japan, Taiwan and perhaps India; forcing open their markets to control China's industries and exploit Chinese consumers; and by introducing Western culture to erode China's independence and sovereignty.

Most Americans believe that China is a determined, monolithic competitor whose intentions appear threatening. They view China as acting solely in its own interests, even to the detriment of the international order—such as by selling weapons to Iran and sustaining North Korea's intransigence. Americans see China as an economic predator that keeps its currency artificially low to boost exports; as a repressed society that tramples human rights to maintain Communist Party control; and as a looming military force that harbors expansionist ambitions.

The Chinese government does not deny that its policies benefit its own people—any legitimate government, they say, should. With 1.4 billion people, the Chinese obsession with stability has been seared into the collective consciousness by a catastrophic political legacy of roiling mass movements that decimated a generation and, nearly, the country. They see China's stability and development as essential for world stability and development.

Disturb the former, they warn, and you disrupt the latter.

America and China should respect each other's thinking. Chinese should appreciate that Americans are genuinely troubled by China's apparent lack of democracy, human rights violations, support of dangerous regimes and huge trade surpluses; this is why China's continuing military build-up is so worrying. Americans should appreciate that China's stability requires a different developmental path due to its different history and culture and to its massive population, and that China's resurgence as a great nation and responsible power is good for the world.

To understand China today one must understand President Hu Jintao's overarching vision, summarized by three slogans: “Harmonious Society” and “Scientific Development Perspective” domestically and “Peaceful Development” internationally. Harmonious Society calls for fairness and equity across China's diverse populations and geographies and embeds careful social, legal and political reforms. Scientific Development Perspective applies optimized sets of solutions to arrays of economic, social and environmental problems seeking to rectify economic imbalances, increase energy conservation, reduce pollution, achieve sustainable development and prioritize innovation. Peaceful Development conveys that no matter how strong China becomes, it will never threaten its neighbors.

Styles of Communication

Chinese and Americans, by tradition and culture, express subtle differences in styles of communication. A senior

Chinese official contrasted four general ways of thinking that cause political misperceptions and which affect all instances of Chinese-American communications, commercial as well as political.

► Chinese are more indirect and cyclical, whereas Americans are more

deprecating banter or smile in serious situations. As such, Chinese leaders may appear more rigid, inflexible, impersonal, doctrinaire and unapproachable than they really are. The dour countenances of many Chinese officials may well be the residual conditioned response to

the recitation of these principles may be repeated more than you think necessary; do not move too aggressively to nail down specifics.

► Recognize that as China adopts elements of democracy, collective decision-making in many large Chinese enterprises has become more common. Senior management is now less able to dictate decisions than their American counterparts. Chinese business leaders must engage their own middle management in sometimes-laborious internal discussions and negotiations before finalizing an important transaction. This means that foreign business people must work with many managers in the hierarchy, even those down the line in the chain of command.

► Respect the formality of meetings; maintain professional decorum.

Business success in China is determined by multiple factors and difficult enough under ideal conditions. Don't manufacture additional stumbling blocks with poor communications. Although political leaders often seem genetically predisposed to have divergent perceptions, business leaders should rise above such instincts and avoid such errors. ▲

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direct and linear. Thus, Americans may see Chinese as evasive and deceitful, whereas Chinese may see Americans as rude and arrogant.

► Chinese use more abstract forms and general terms, focusing on principles and theories, whereas Americans use more concrete forms and specific terms, focusing on practice and precedents. Thus, Americans may see Chinese as programmed and robotic, whereas Chinese may see Americans as pompous. (For example, the American media tends to mock China's political slogans—when it considers them at all—as empty jargon, rather than consider the insight into political priorities they offer.)

► Chinese stress the collective more than they do the individual, believing that the needs of human society exceed in importance the ideals of human rights; Americans prefer the reverse.

► When dealing with weighty matters, Chinese are not given to humor, nor do they engage in self-

a past system of fear-driven governance where a single mistake could cost an official his job, if not his freedom. Under President Hu, there is more tolerance: mistakes don't end careers, risks can be taken.

Business Communications

Let's consider each of these contrasting styles of communication, and construct general principles that American businesspeople can apply when dealing with executives of Chinese companies, particularly those of state-owned enterprises. (At private Chinese companies, especially high-tech firms, there is more similarity with Western ways and these principles are less applicable.)

► Be patient in negotiations. Do not assume the Chinese side is being deliberately opaque. If you must press for answers or resolution, do so with sensitivity and respect.

► Learn to appreciate the purpose of general principles and why