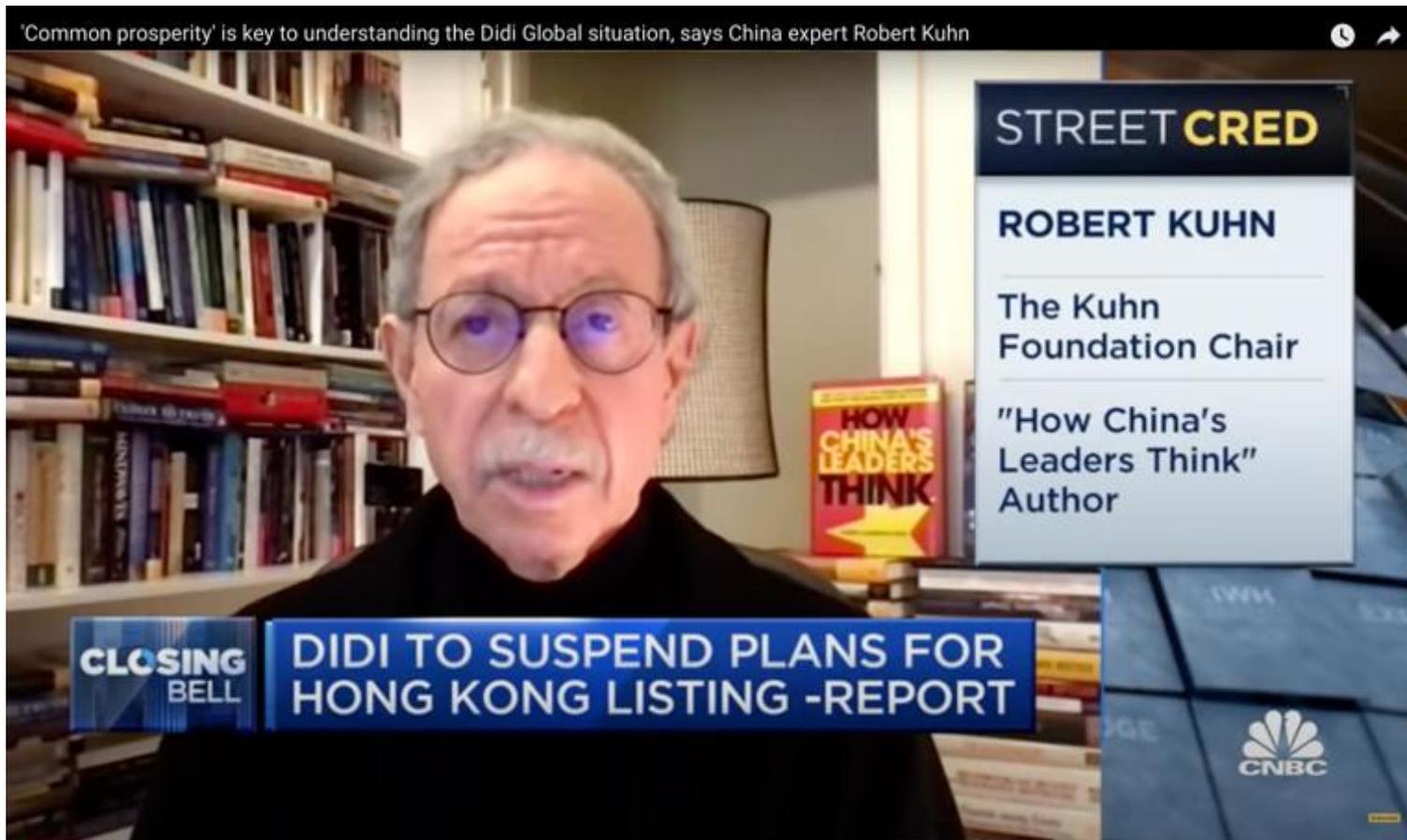




CNBC – Closing Bell

'Common prosperity' is key to understanding the Didi Global situation, says China expert Robert Kuhn
Robert Lawrence Kuhn – March 11, 2022



CNBC HOST: Sara Eisen: Robert Lawrence Kuhn is chairman of The Kuhn Foundation and longtime advisor to the Chinese government. Robert, it's always good to have you. What is going on? Apparently, the regulators are telling Didi they can't go ahead with this [Hong Kong] listing. How do you interpret it?



ROBERT LAWRENCE KUHN: Didi is the posterchild for President Xi Jinping's vision of what's called "Common Prosperity," which has many elements, two of which are probably the most important. First, what's called the "disorderly expansion of capital," which is a broad term to be utilized very much across the spectrum, but has as its focus the "platform companies," of which, of course, Didi is a primary one. Part of the reason is because it relates to the relative power in the economy and society of these companies versus the Party, the Communist Party of China, the CPC, which is the perpetual ruling party of China, and because of the "disorderly expansion of capital," these platform companies have had much more impact in society. So, this [restriction of Didi] is a reversal of that.



KUHN: The second point is how they treat their workers, the “gig workers” [temporary jobs typically in the service sector], because this has become a major factor in Chinese society, which also includes how to balance the imbalances between urban and rural, ownership and workers, inland and coastal regions.

Common Prosperity was derived after China achieved what for almost ten years was a prime objective of Xi Jinping, which was to eliminate all extreme poverty. So, this Common Prosperity is a key to understand the situation with Didi, which was viewed as not being particularly subject to the leadership of the party.



CNBC HOST: So, I just want to be clear, are you still in regular contact and advising the Chinese government, or was that a thing of the past?

KUHN: I'm regularly doing media, involved with a lot of people — not necessarily on the Didi issue, of course — but just last night, I was involved in doing commentaries on the latest political meetings, the so-called “Two Sessions” of the National People's Congress, and the Consultative Conference, which just ended yesterday.



CNBC HOST: Well, what did you learn there?

KUHN: Well, a lot of things. First of all, that China is most focused on stability. They recognize the challenges, the obvious international challenges that we've seen, and some of these tensions in society. It was mentioned in terms of how China has to deal with these gig workers. I think they mentioned 200 million people workers who did not have formal kinds of jobs, and China has to figure out how to regulate them.



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KUHN: This is a very big deal in China, and it's a good prism to see the light that is coming in for the next period of time, as long as Xi Jinping is in power, and that is an undetermined period of time. This year, at the end of this year, is the 20th National Congress of the Communist Party of China, in which Xi almost certainly will be given a third term and basically an unlimited term. So, what his vision is, is what's critical.

China has elevated what's called the "two establishes" which is to establish Xi Jinping as the core of the Party (and the Party leads the country). and "Xi Jinping Thought...." — it's a longer phrase but basically "Xi Jinping Thought" is the guiding doctrine for the country. And Common Prosperity, of which again Didi is a posterchild of what it is *not*, is perhaps the prime domestic driver. Common Prosperity.



CNBC Host Mike Santoli:
Robert, aside from Didi and aside from China's efforts to try and restrain some of its companies, of course, we do have these stocks going down because of US law. The US is going to make it more difficult for Chinese companies to continue to list their shares here. Is it right now the situation where China doesn't feel it has an interest in allowing these companies to find some way around this? In other words, having their auditors be subject to US examination or whatever the standards might be that would allow these companies to retain their listings?



KUHN: It's a mistake to look at all of these questions as a "Yes" or "No". Simplistic analysis can mislead. There are many different views that compete with each other. An important factor that I should stress is that China says that Common Prosperity is not to "Robin Hood" and take from the rich to give to the poor. It's not to create a welfare state where everyone is equal. That's not the intent at all. Because China recognizes, President Xi in particular, that entrepreneurship — the creativity and energy of entrepreneurs — and the market, allocating resources — are absolutely essential for China to achieve its great rejuvenation by midcentury.



KUHN: So, that's a critical factor. So, each individual question needs to be evaluated by competing objectives. And China does want to open up. It does want its companies to be prominent in the world. China has a Global Development Initiative that it wants to promote. It wants its companies to do it. But it still has other issues.

It wants to be absolutely sacrosanct in controlling data. It doesn't want its data outside its borders. And so given a choice, if one has to make a choice, between market success and security, as China would see it, they will always opt for security. Security for the Party to maintain its leadership is number one.



<https://www.cnbc.com/video/2022/03/11/common-prosperity-is-key-to-understanding-the-didi-global-situation-says-china-expert-robert-kuhn.html>