

Creating common prosperity

By **STEPHEN PERRY**

CHAIRMAN OF THE 48 GROUP CLUB



STEPHEN PERRY is the Chairman of the 48 Group Club, the oldest UK trading partner with the People's Republic of China and one of the longest standing in the world. In addition, Mr Perry is Vice Chairman of the China-Britain Business Council and a trustee of the Needham Research Institute. He is also the Chairman of London Export Corporation and has made over 200 trips to China, negotiating numerous joint ventures with a value in excess of US\$1 billion.

The 48 Group is a name that resonates with Chinese leaders throughout the last 60 years. Being prepared to anticipate and support China against embargoes and boycotts, in the hard times of the early 1950s, earned the 48 Group the first coining of old friends. That soon became good friends and the 48 Group's place in history was made.

Today the 48 Group is still at the forefront of Icebreaking. Icebreaking with China is as important today as it was in 1949. Wrong and misguided understandings of China are as common today as they were 60 years ago. The price of such mistaken judgements are much greater as China impacts every part of all our lives.

China is not a part of the Western international superstructure for running the world. It wants to work collaboratively and supportively with the West, but its priority is Asia and the developing world. We have a time for currency wars to be replaced by a recognition of the need for identifying common goals and mutually convenient time periods. Trying to force China to change its currency and create huge unemployment is pointless and leads to bad places. China's policies can be made compatible with those of many of its critics – it is above all the timescale that is very different and which needs addressing in a spirit of mutual goodwill.

We, in the West, grasping that, can make good benefits with China. Fighting it and trying to push China into conventional ways will likely not gain success. That is hard for Western countries to come to terms with, as the last 50 years have been marked by Western domination. But, as many remark, the world has changed and the centre of the world is moving to Asia.

In this change there is more than numbers and language. There is a whole change of culture and values. It is so deep and so superficially understood by those schooled and working in the West, who have not understood the different values that exist. These can be real opportunities to share and advance. We must stop thinking in terms of getting “the woman to be more like a man” – that lovely line from the musical *My Fair Lady*.

The Chinese will work with us, but in a moulding of their and our ways. The Chinese company does not exist primarily for shareholder value and we ought to understand what that means. Chinese understood,

as other Asians did, the meaning of corporate social responsibility, before we even conceived the idea.

The Asian company exists mainly for the nation and its employees. Profit-making is an important part but not the sole goal or even, necessarily, the most important goal. Today, Chinese companies live for state-of-the-art and next-generation technology, for brands, for market share. Profit will fall out of this later, but not as a core objective. Of course banks and others want to see returns and measure them. So they have their role but not the driving, manic role they have in the West.

In the field of the state the Chinese state is about 26 per cent of GDP, compared to the bloated Western average of near 50 per cent today. The West is striving to cut its state but the Chinese are there already. We can learn from them about the role of redistribution and caring for the vulnerable, about sharing wealth. But most in the West think that China still needs to learn. The student is fast becoming the teacher.

China has many challenges. More than most, but the last 30 years has shown they will face them fairly and squarely and test all ways to solve them. The Chinese system, with its multi-party state – often described in the West as one party state – has delivered. It may need substantial alteration and reform in the periods ahead, but it will be China's agendas that will drive change, not foreign pressure. That is, after all, what changed us. There are great advantages in our systems relating to accountability and the Rule of Law. Pluralism has its role and we should demonstrate its positive uses, not assert it as missionaries.

So, as Prime Minister Cameron arrives in Beijing let us hope we begin an era of sharing experience and working respectfully. We have almost 300 years of relative stability, which is something we share with China as a core national objective. It is the basis for much cooperation.

China and the UK can beat a great step if we work sincerely together. But, it needs a step change and, let us hope as the Coalition is a step change that we can have another one in UK-China relations. The Chinese want it, as they have shown with Germany, Greece and Italy. We can produce great common prosperity by focusing on the common target of sustainable growth.

There has never been a better time for UK-China relations to prosper. Gambai!