

Has China Devised a Superior Path
to Wealth Creation?

The Role of Secular Values

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By

Charles Hampden-Turner, Peter Peverelli and Fons Trompenaars

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ABSTRACT

The Chinese seem to prosper in whatever parts of the world they locate themselves. Today it is China itself that is booming. Are we up against, not so much communism, but a value system thousands of years old? Adam Smith was just half right. Yes self-interest propels us to serve others. But the other half is true also, *-serving others lifts us and the whole world community*. What propels economic growth is a circular wisdom not a linear thrust. Today China has around 1% of the COVID-19 death-toll per million inhabitants of the USA, by the simple expedient of putting communities first. It has grown economically between three to five times faster than the US for the last forty years. It has no need of the skulduggery of which we accuse it. It sells, we buy. It prospers we invest – more than ever in 2020, while politicians fumed. This book using largely Western scholarship explains China's success in detail and how moralizing about this merely blinds us. We show that China's values are the *mirror image of our own*, hence our feelings of subversion, but that China, not we, can step through the looking glass to see both sides, the Yin and the Yang of it. They learn from us. We largely fail to learn from them. We show that their business success is NOT the product of "tyranny". This has been disproved time and again. While the US demands unanimity from allies, the Washington Consensus, China seeks Confucian harmony, the blend of cultural "tunes". Both the F-35 fighter proposed by America and the Belt and Road Initiative proposed by China will cost \$1.6-1.7 trillion. Should the F-35 "succeed" it will never have to be used to kill. Should BRI succeed 170 nations will have modern infrastructure joining them to China. *Which innovation will leave the world better off?*

INTRODUCTION

Should the West see China as a threat or as an opportunity, a friend or an enemy? Are we heading for a third world war? Does the seemingly inexorable rise of China spell the doom of many values in which we have long believed? Might some form of communism prevail after all? Are China's motives *sinister*? Is it trying to subvert us? Is it plotting mischief? Given the very bad press China has been getting in Western media, one might certainly think so. But the word "sinister" has an interesting derivation. Its original meaning has nothing to do with wily orientalism. It means simply left-handed. Most of us are right-handed, using our dominant left-brain hemispheres which are wired to the right side of our bodies. But a few of us are left-handed, with that side of the body wired to the right-brain hemisphere. Such people are the opposite to us. They negate the way we are and given the archaic meaning of the word sinister, this once seems to have frightened us and aroused suspicion.

Superficially the Chinese are the same as we are in many ways, yet subtly different. They take our majority cultural preferences and they reverse these and we regard this with alarm. Today almost no one regards left-handed people as threatening. But we are still faced with the puzzle of how being left-handed and how being sneaky, menacing and subversive somehow got elided. Then of course Satan has long been known to be left-handed too! ¹. He is virtue-in-reverse. The opposite of us. *Can and should we tolerate such reversals of ourselves?* To subvert is to turn upside down by undermining some present position. Is China subverting us? We will briefly sketch our basic suppositions in writing this book.

- **There is no alternative to engaging China**
 - **Chinese and East Asian values are the antitheses of ours in the West.**
 - **The rise of China comes from its wider civilization rather than its current politics**
 - **What are the roots of culture? How does it originate?**
 - **What happens when COVID-19 suddenly changes the social environment?**
 - **The rise of China is the most extraordinary event of this century and could trigger war**
 - **Our aim is to understand and appreciate China first and to judge her later**
 - **A colossal mistake made by China in the past should not be repeated by us**
 - **China needs our help in explaining itself to the world. It requires our understanding**
 - **Our position is that the values of West and East need to be fused not polarized**
 - **The authoritarian fallacy**
 - **The sequence of what we contend**
-
- **There is no alternative to engaging China**

China exists in the world economy. In almost all languages, save English, the word ex-ist means to stand out, a transitive verb. China stands out to a truly massive degree. You have no choice but to engage a nation conducting 18% of the world's peaceful trade and 22% of its exported manufactures, especially if that trade is of high quality. "Peaceful" is an important qualifier. We are close to a situation where the influence of nations depends not on threats, armed intervention, as in Vietnam, and on how many times over you could destroy the world by nuclear missiles, but on what that nation supplies to the world in goods and services. Given that measure, China has been rising for two generations and looks unstoppable. Its rate of economic growth from April 2020 to April 2021 was 18.4%, the year of the pandemic, when nearly all other nations lost ground. The difference between China and the Anglosphere, the USA and the UK, is widening once more. China lost 3 persons in every million to COVID-19, despite being ambushed by this pandemic. The USA lost 1,811 and the UK 1, 872 as of mid-May 2021, despite many weeks of warning that the pandemic was spreading. Why we ignore this difference is telling. China has not even had to vaccinate its population at large.

Can we and should we now isolate China, embargo its goods and stop it using the dollar? There are some very real difficulties with such tactics. China manufactures over 1/5th all the world's manufactured exports, so the world as a whole would take a giant hit. Literally thousands of Western companies outsource to Chinese suppliers. This was once done because they were the cheapest and so we could diminish the power of our own trades' unions, but by now it is done because Chinese suppliers are best at it and part of a global supply chain. Just try replacing five tiers of suppliers who share one language! Were you to try such tactics, the suppliers could probably replace *you*. They know how the product is made since they supply most of its systems and components. You have given them the specifications. Moreover the American sub-contractors that once did this work have dispersed or failed and no longer surround your company. Replacing them will be very difficult, very expensive and in many cases impossible.

To require companies not to sub-contract to China when they see it as profitable to do so, would constitute massive interference by governments in free markets. This must clearly be voluntary for companies and whether Western enterprises would agree to earn less, whatever the reason, has yet to be tested in practice. Given the sheer scale of anti-Chinese rhetoric we might expect that country to be on the ropes, reeling from powerful punches, with knockout a matter of moments. But there is no sign of this happening. Indeed foreign direct investment in China was the highest *ever* in 2020 and easily outstrips any other country, as do international patents applied for. Americans invest more and more in China because it is in their private interests to do so and even furious noises from the White House proved an uncertain trumpet.

We need to ask *who would isolate whom*, and what does "isolation" entail. According to *The Economist* China is the largest goods trader for 64 nations in the world and America is the largest for just 38. Most of those 64 would refuse to go along and might, if pressured, boycott the USA instead. We could end up isolating ourselves and the schism itself would exact a heavy price, cutting global trading in two. Consider Hong Kong where China faces condemnation by much of the world press and its reputation is surely faced with ruin. The fact is that Hong Kong's financial operations are enjoying a financial boom. It hosts \$10 trillion in cross-border investments, with Morgan Stanley and Goldman Sachs eagerly participating. In 2020, with millions dying in other lands, China's Hong Kong based reserve currency hit \$11 trillion. In the same year China opened up its mainland capital markets to the West and received \$900 billion additional investment. America's campaign against Huawei, China's electronic innovator- with the most patents applied for of any company in the world – is equally unavailing. Huawei sells to 170 countries and only around a dozen have banned it. With by far the highest market share of 5 G technology by any company, it is more likely to isolate the USA and the UK than the other way around. No one can afford to cold shoulder a major source of innovation in the world, connecting *other* innovations. If you do not lead then you must follow fast or be left behind and stranded. We will eventually join what we cannot beat.

If Huawei's ambition is to join the nations of the world together electronically what sense does it make to anger and exploit your customers? In this particular field China is leading. If companies were to spy and steal on an increased scale China has more to *lose*, since it is far ahead. It is laggards who must spy and copy. China has taken a strong lead in defending international patents and has major stake in a future world order which it hopes to be conducting.

For the irony is that China could come to conduct the world without firing a shot or debriefing a single spy. All it has to do is generate profits and we eat out of its hand and throw our money at its enterprises. It is better at creating wealth than we are and all it has to do is create win-win situations where we gain but it gains even more than we do. It is proving most adept at doing this! It has only to cater to our sovereign self-interest and we will do its bidding in exchange, even as we de-industrialize and financialize in the process. We pay them to do the actual work and we profit thereby, so that over time, they grow steadily more competent at the jobs industries perform, learning faster than we.

This book, is written in the belief that *we have no alternative but to engage China as we have since 1980*. Were we to succeed in impeding its growth, we would do great harm to ourselves in the process and our growth record is sluggish enough in any case. It is cheap goods from China that have kept inflation low and without these inflation could take off again. But more than this we have to *learn from China*, something that can only happen if we are fully engaged with her and develop an understanding of the values, not just

of China, but of fast growing East Asia, influenced by China over two and a half millennia, parts of which are politically aligned with the West like, Singapore Taiwan, Japan and South Korea. China's major trade partner in the world is ASEAN, the ten nation Association of South East Asian nations. This is larger than trade with North America or the EU. It is far too late to try to prise them away. Alas those who endlessly moralize about China fail to learn. Moral judgements poison our understanding and assume our villain to be purposely wicked rather than doing what his/her value system decrees.

- **Chinese and East Asian values are the antitheses of ours in the West**

This book will cite research findings which confirm that most Chinese hold the *antitheses* of our preferred values. While we seek to uphold *rules*, they seem more interested in being *exceptions* to these. While we believe our *individuality* to be all-important, they put their faith in *communities* groups, teams and organizations. While we *analyse* phenomena into *parts*, they seem more interested in *synthesizing* them into *wholes*, relationships and patterns. While we admire those who *achieve*, they have quite other grounds for *ascribing* status to each other. While we believe we have an *inner-directing* soul or conscience, they seem strangely drawn to responding to *outer-directed* influences². While we regard a consumer society as an invitation to *self-indulge*, they seem more intent on *self-control*³. We regard their morality as distinctly inferior to our own, but is this the case? If it is inferior, how come they are growing so fast economically and have emancipated so many from poverty, while we stumble blindly about and subordinate and infect each other? Why are they surviving the corona virus so *very* much better than we?⁴

What is puzzling is quite how successful China has become while holding these strangely antithetical points of view. How can a culture that is so contrarian, so opposed to what we think is good and decent, prosper so suddenly and so spectacularly? Do they know something we do not? Despite their contrarian ways is there some sense in what they believe? Do their values work after a fashion and if so, how? Are there some respects in which they have the edge on us, as in better protecting themselves from the current pandemic? According to the *Economist* the nation with the most growth in 2020 was China with Taiwan close behind and Singapore and South Korea in positive territory⁵, more evidence that the difference between us is more cultural, than political.

A major theme of this book is that the Chinese are opposite to us in what they value, as indeed is most of East Asia, influenced as it is by two millennia of Chinese culture⁶. Indeed, China is less a country than a two thousand two hundred year-old *civilization* with strong influence over its entire region, which shares its Confucianism, its Taoism and its Buddhism with that region. These neighbours used to pay China tribute for being able to share its treasures⁷. The West's economies were first challenged by other East Asian countries, namely Japan, Hong Kong, Singapore, Taiwan and South Korea. The business acumen of that region was already evident when Chairman Mao died in in 1979. At that time the Chinese diaspora, Chinese immigrants across the world were, when added together, *the third largest economy in the world*, bigger than West Germany as it was then⁸. The extraordinary feats of Chinese business *culture* have been in evidence for over sixty years. Singapore has today double the GDP per capita of its one-time colonial master Great Britain. When China opened itself up to world markets it was only a matter of time before its commercial power became self-evident, hugely magnified by the size of its population. We are not afraid of Singapore, Taiwan or Hong Kong because these are small, but China with very similar values is a big "menace".

- **The rise of China comes from its wider civilization rather than its present politics**

What greatly exacerbates this tension is that China adheres to communism, which the West supposedly defeated in the Eighties, when the Soviet Union collapsed. But the dynamism of much of East Asia is more cultural than political. Communism is in any case a western enlightenment doctrine created by a German Jew, writing in the British museum. It appears to have little influence on the data we have collected on China. The values of the PRC are not substantially different from those of Taiwan, Singapore, Malaysia, and other nations with Chinese populations. They are closer to South Korea and to Japan in their values than those nations are to the West. Indeed, the main differences in values are between East and West, *not* between communism and capitalism, where no noticeable difference in the values of respondents is to be found. Singapore elects just one party to power, *by choice* and refuses to oppose it or insult it verbally. Chinese communism is now capitalistic in several respects, but regards being so as a means to socialist ends.

We hope to show that China's strength comes from its ancient civilization. Its Communist government, like its earliest dynasties, will obviously put this to use. Given its meritocratic civil service, this use may be formidable, but these values do not originate from Communism, *per se*, but are the pattern for the entire Pacific Rim and much of East Asia. In any event this book aims to show the undoubted strength of Chinese culture which has had that whole region under its influence for many centuries. China makes no attempt to export communism and its relationships with communist North Korea and Vietnam are not particularly close. Does it matter that China negates what we believe in? Is this a plot to undermine us? What we really dread about China is the sheer size of its influence. It is similar in its business success to Singapore, but 150 times larger.

The case of Huawei's 5 g technology is one outstanding example of our folly vis-à-vis China. China has world market share of 5-G of 34%, over 40% if South Korea is included. It is clearly the favourite in installing a system world-wide which everyone uses. Sweden, Finland, and the US are in single digits in comparison. 5 g, - with g standing for generation - grows out of 4 g, which would need to be ripped out for a new system to replace it, so that any boycott could move us *backward* for several years and we would need to install something from another source compatible with 5 g from say Nokia. Huawei has the most patents applied for of any company on earth. What we are rejecting is the process of innovation itself and the 5,708 patents Huawei had applied for by the end of 2019.

The West has reclassified the issue as one of security and indeed Huawei's *could* receive orders from the Chinese state that owns it, to spy on us. But what would it learn? The nation most hurt by spying and by patent infringement is the one which is ahead, not the ones that are far behind. China stands to lose far more by a corrupted system, sales especially. It could, if it chose, learn defence secrets but if you plan to supply the world with goods, rather than conquer it, as Britain did India, Australia, New Zealand, all much closer to China than the UK, then defence secrets are a small matter. China aims to *connect* us not divide us. If we stop it connecting us, we will lag ever further behind. At this time it looks as if Germany will refuse to dump Huawei and the rest of the EU is likely to follow Germany's lead. Europe will be connected and the UK cast adrift. ¹¹

Does China copy us? Yes indeed. Anyone who was once behind copies those who were once in-front, much as students learn from professors. But there comes a point when all the elements of a system have been mastered and then the nature of any progress changes. From that moment on, *existing elements get combined and re-combined* in novel ways and Huawei applies for its five thousand plus patents. If we attack Huawei at *that* point we cut ourselves off from the latest developments in the field and we fall ever further behind. China's copying era is largely over. It is now making new combinations out of what it learned from us and at an ever accelerating pace.

- **What are the roots of culture? How does it originate?**

At the roots of culture lie some quite unanswerable questions, which resemble the question of whether the chicken preceded or followed the egg. We might equally wonder whether the rule came before the exception, the individual came before the community, the whole before the part, the status one has achieved came before respect ascribed to our basic humanity, the inside determination before the outside influence, and so on. *The truth is that these pairs of values are totally inseparable*, nay more they help to define and to grow each other. There can be no exceptions without rules. No individual exists that was not born of a family group. Parts constitute wholes and each term is meaningless without the other. Inner-directed drives, need some outside cause to focus upon. We can only self-indulge if we self-control ourselves long enough to supply this demand. In short, the value differences between East and West are about *which end of a values' continuum you prefer*. Whereas what really matters is *developing the entire continuum*, rules improved by noting exceptions, individuals serving their communities as communities nurture individuality, parts juggled to form new creative wholes, enough self-control to allow for self-indulgence later on.

We might reasonably ask how culture originates. Culture means to "work upon" so that agriculture is to work upon the soil, aquaculture is to work upon the water, horticulture to work on gardens and so on. Culture by itself is to work upon anything a society or region encounters. If you grow wet rice for millennia

on end, then you need half a village to grow and harvest it. If you are not a member of a community you are soon dead. If, on the other hand, you leave everyone you know, immigrate to America (or Australia), where you find a near empty continent, where a million buffalos roam and you have a gun, then your individuality will greatly assist your survival and prosperity. One end of a values continuum is not “better” than the other, but adhering to their groups helped the Chinese to survive while acting individually helped Americans survive. Culture *facilitates or reduces adaptation to different environments*. It encounters a changing world effectively or poorly.

- **What happens when COVID 19 suddenly changes the environment?**

But what happens when the environment suddenly changes and you find yourself in completely different circumstances? In such a case your values may no longer help you adapt to the new reality, but may even impede you doing so. This seems to have happened in the case of Covid-19. This is a case where science in the form of a vaccine could not help us in the short-term. Just about the only remedies were social ones, lock-downs, distancing, testing, tracing, quarantining, the rapid supply of protective equipment to key groups and the willingness to be guided by and obey authorities.

It is clear that countries in East Asia have done this *very* much more quickly and effectively than Europe or North America. In South Korea, which in February 2020 was reporting more than 5000 cases a day, deaths per million were at 37, as of May 21st 2021. By this time deaths per million in the USA were nearly 1,812 and likely to rise further, yet South Korea has fifteen times the population density of the USA and had far less warning of the onrushing pandemic. The USA had more than *five hundred times more deaths* than South Korea, a nation massively infected as of January 2021 ¹². The US now has nearly more than five thousand times more deaths per million than China, that has reported 3 deaths per million for more than eight months. It is claimed that China lies about this, but in truth *all countries* of East Asia, save the Philippines and Indonesia, report less than 100 deaths per million, several of them democracies and allied with the West. The USA has 4% of the world’s population and over 20% of its deaths, plus the highest number of cases in the world. Large parts of Europe, South and Central America have also suffered. Indeed, the West as an entity, has fared very much worse than East Asia.

One wonders if Individualism is not an Achilles Heel in combatting COVID 19. The only way to fight the pandemic is to greatly curb individual freedom of enterprise, of movement and of association so as to protect the larger community from becoming infected. Group oriented nations seem to have little trouble with this, but individualist nations move towards group-centred protection too slowly, too grudgingly, too little and too late, while infection soars. You cannot kill the virus by invoking the military, by declaring a war on viruses, by acts of defiance like shaking hands, refusing to wear a mask, waving a gun, cursing CNN and its warnings, firing inspector-generals, trying to encourage the stock-market, and blaming it all on Democrats, fake news, China and immigration. Boris Johnson in the UK spoke of the nation “wrestling” with the virus and “forcing it to the mat”. The UK has among the highest deaths-per-million in the world, neck and neck with the USA. No amount of bullish optimism, personal initiative, “world-beating tests” and chest-thumping can stop the virus.

You have to do as the government bids you in a pandemic and that is an infringement of liberty! It is “fascism” according to Elon Musk. “Give me liberty or give me COVID 19” say the placards of American protestors against lock-down. Death it is thought, can be defeated by the inner determination of individuals, by sheer will power, by a refusal to buckle down before threats or to be disheartened by people dying as if this should be dismissed. We must return to work at any cost. Medics are like soldiers in the front line “taking the bullets”, but struggling heroically on, as opposed to being deprived of proper protection by laggard governments, afraid that their orders will be disobeyed by mobs. When the virus at last abates, will China and East Asia be further in front than ever and is the USA in danger of losing its world leadership role? It had the most funds at its disposal yet the worst results of all. It spends \$3 trillion on health care, more than any other country in the world and can best afford to be prepared, yet according to WHO data, is way down its list of effective health-care systems, 37th ¹³. When you lose your job you lose your health insurance, so come the pandemic, millions more Americans are without either job or health insurance.

- **The rise of China as the most extraordinary event of this century which could trigger war**

We are writing this book with a sense of urgency because the rise of China is the most extraordinary phenomenon of this century. It threatens to topple the pecking order among nations, displace the USA, disrupt world order and fall into the “Thucydides Trap”, the process by which a warrior nation like Sparta so fears the rise of Athens that war breaks out and disaster ensues with war and pestilence crushing a Golden Age and ruining both city states. As in World War I, no one *wanted* war, especially the one which ended in November 1918 with 20 million slain and dynasties toppled, but they may be provoked by incidents, like the assassination of the Archduke. This trap was suggested by Harvard historian Graham Allison, who reckons that on twelve occasions out of sixteen, war broke out as a new nation rose to prominence. Could it happen again? ¹⁴

We need to *understand* China while there is still time and work out if and how the world can benefit from its rise. Its rise *does* promise one important thing, a world in which nations prosper or languish not by feats of arms, or shipping narcotics like opium, but by the useful things they can sell and exchange with each other, a world in which everyone contends by trade not by arms or by poisons. It is looking very much as if China could go on rising were trade and trade alone to decree the state of nations. We will be explaining how and why China creates wealth so assiduously. Graham Allison points out that in 1978 98% of the Chinese population subsisted on \$2 a day or less. Today this number is less than 1%. This is a feat without precedent in the history of the world, yet we shrug it off and take no interest at all. Here we will be asking why.

As Graham Allison looked out from his Harvard office to the bridge crossing the Charles river to the Boston side, he noted that it took six years to build, was four years late, was twice delayed and was finally completed in 2018, at 300% over budget. Time-lapse cameras pictured the Chinese Sangyuan Bridge, twice the length with twice the number of lanes, being completed in 43 hours! He believes the rise of China could bring “the biggest collision in history.” He quotes Vaclav Havel that China grows so fast we have not the time to be astonished. He told his TED audience that this was “the biggest international story of your professional lives.” It was not just the rise but the challenge to America and a question of whether America would resort to arms to try and stop this. In 2004 China was half the size of the American economy. In 2014 the two countries were level pegging. In 2024 it will be half as large again. So, let us look at this amazing record more closely.

The figures quoted below are *before* the onset of the corona virus. Once it hit, comparisons were skewed, by different time-lines. China dipped first and recovered first, while India is suffering months later. In 1980 China’s gross domestic product stood at \$300 billion. At the beginning of 2020 it exceeded \$12 trillion and is the world’s 2nd largest economy. In 1980 its external trade with the world was \$40 billion. By the start of 2020 it over 100 times greater at over \$4 trillion. Before the recent outbreak, it added an economy the size of Greece every 16 weeks and an economy the size of Israel every 25 weeks. Between 2011 and 2013 it used more cement in building than the USA used in the 20th century. It recently built a 57-story skyscraper in 19 days and two ten story hospitals in nine days in plague-stricken Wuhan. It has built the equivalent of Europe’s entire housing stock in just the last 15 years. ¹⁵ China’s growth in 2020 was 6.6%, three times *The Economist’s* forecast, despite the pandemic, with 8.6% forecast for 2021. This compares with a 7.3% dip for the British economy. This vast disparity suggests that Chinese economic gains will widen as a result of the pandemic ¹⁶. Ironically another strong growing economy is Taiwan, at plus 8.2% in 2020-21, another expression of Chinese culture, as opposed to an expression of communism.

China has *already* started helping poorer nations with its Sinovac and Sinopharm products. It has the advantage of not needing to vaccinate its own population. We can expect it to rescue many poor nations while we argue about who-gets-what how quickly. ¹⁶

China’s 2.6 million miles of road is the largest highway system in the world and 50% larger than the USA. It has built the world’s most extensive network for high-speed track, covering 12,000 miles, and 580 bullet-trains serve 300 cities. America’s only such train, joining LA with San Francisco is 9 years late, \$35 billion over budget and has been postponed to 2029! By this time China plans to have added another 16,000 miles of rail. In 1949 when the People’s Republic of China was established, average life expectancy was 36 years.

In 2014 it passed 76 years. Some 850 million have been lifted out of poverty in 35 years according to the World Bank, a feat unparalleled in world history. Never before has an economy grown so fast for so long. 80% illiteracy has been reduced to 4%.¹⁷

Compared to America's 300,000 graduating students per annum, China has over four times the number, 1.3 million. Three hundred thousand is also roughly the number of Chinese students who have graduated from US universities. China overtook the US in R&D spending in 2019. Its latest super computer is five times faster than those in the USA. It has twice the number of patents applied for as the US and 2 ½ as many industrial robots. Stanford University research found Chinese engineering and computer students entering university were *three years ahead* of their US equivalents. In parity purchasing power, how much a nation can buy with its own currency, China *already* leads the USA. This is the most astounding event of this century, a complete turn-around and it is high time we came to terms with it and came up with explanations. This is what our book seeks to do.

Yet as this book establishes, we currently learn from China almost nothing and spend most of our time moralizing about its short-comings. The Chinese are constantly blamed for not coming up to *our* standards as if our standards were truly universal, the only legitimate aspirations for anyone, anywhere in the world and indisputably correct. We rarely ask whether China has different standards and whether these might have some merit too and contribute to the most rapid period of economic development the world has ever witnessed.

- **Our aim is to understand and appreciate first and judge later**

This book aims to UNDERSTAND the sets of values which divide East and West and reveal the misunderstandings which recur between them. This is an attempt not simply to comprehend China, but to know *ourselves*, all three authors are Westerners. It is when we engage a culture different from our own that we discover where *we stand vis a vis* that culture and our own. We learn valuable lessons about ourselves. We learn that a culture which does not accept our value premises and does not accept the truths that Abraham Lincoln regarded as self-evident can also prosper by taking a path different from ours. The whole undeveloped world is watching the relative performances of China and the USA. Which will they choose to follow in light of comparative economic performance and in light of the ability to cope with this pandemic?

The methodology pursued by our research in this book is the process of *appreciative inquiry*¹⁸ While this term is relatively new, it is in fact the method used by most anthropologists from the beginning of that discipline. You cannot explore a culture with a blank expression of neutrality and a dispassionate and objective gaze. If you try this, your own lack of engagement will be reciprocated and you will be disliked by the population whom you are studying, who will not tell you very much because they distrust your lack of conviviality. In order to understand a culture, you must *first appreciate it and engage with it*. You must follow its norms, its values and its culture in order to be accepted and for civilized discourse to proceed. If you wish that culture to improve then your engagement is more likely to encourage this than any criticism, which needs to be postponed until you have fully understood the social context. Respondents are more likely to confide any shortcomings and troubles to friends rather than to critics. If you are searching for faults *be nice* and these will be vouchsafed to you by friendly informants.

It is not that we believe East Asians to be faultless, it is rather that finding fault with individuals explains everything yet nothing. We all err, the Chinese no more no less than we do. We suggest that we come to understand them *first* and find fault *later*. Were we to understand them properly, they might even agree to change! As you read the scores of misunderstandings which this book explores, you may well ask how many of your criticisms of China survive? What would we say of China if it had killed 2 million Vietnamese as America did and poisoned the entire eco-system of a nation now peacefully trading and with no domino effect at all? The Chinese mostly do what they think is right, as do we. The difference lies in what our two cultures think is right. Chinese values certainly seem to be working given the reality of its amazing economic advance. Should we not ask why?

- **A colossal mistake made by China in the past should not be repeated by us.**

Let us consider a colossal error the Chinese made at the end of the 18th century and ask ourselves whether the West is not making a similar mistake at this time. The story is told by Martin Jacques and is summarized here. Great Britain buoyed up by its ongoing industrial revolution sent a high-level trade delegation to the 81-year-old Chinese emperor Qianlong in 1792. The British delegation was headed by Lord George Macartney, the veteran diplomat. He brought with him numerous inventive gifts symbolizing new industry, including barometers, telescopes, spring suspensions for carriages and airguns. He sailed on a sixty-six gun man-of-war and brought 700 scientists and experts with him ready to engage their Chinese equivalents. Qianlong did not even deign to give him an audience but sent a message to King George III instead. 19

The message was that “We have never treasured ingenious articles, nor do we have the slightest need for your country’s manufactures.” The request that a trade representative be sent to Beijing was “not in harmony with the regulations of the Celestial Empire ... and is of no advantage to your country.” It took months for the British delegation to make its way overland to the imperial presence but by that time plans on how to negotiate had broken down and the scientists never met their Chinese equivalents.

What stood in the way of an audience with the Emperor was that Lord Macartney was expected to know-tow. This involved three genuflexions, each containing three full prostrations with the head touching the ground. Macartney offered to doff his hat, go down on one knee and even kiss the emperor’s hand, but declined to know-tow unless a Chinese official of similar rank to himself knelt before a portrait of George III. After all he had come a long way to parlay! So, he made concessions. This offer was rejected by he who “ruled all under heaven,” and considered himself superior to a mere king. Macartney and his large retinue went home fuming and forecasting China’s demise, having wasted over nine months in fruitless preparation and journeying. Macartney was seen simply as one more petitioner to bring tributes to the emperor in deference to its superior culture, as foreign nations had done all through China’s long history. All this happened 48 years before the First Opium War when China’s wooden ships were routed and her “century of humiliation” began.

We wonder if this innate sense of being culturally superior to another nation is not currently present in the attitude of many western nations to China today. To claim that China is “cheating” assumes our right to say what the rules are, that we have the right to set them and to “know” just who is breaking these. To say that China is “trying to buy influence” by sending medical equipment to nations with outbreaks of the corona virus, assumes we have a window into the cynicism of its soul, which we assuredly do not. 80 nations sent China money and supplies when the virus first surfaced. Should China not repay such kindness? Would we prefer China do nothing to help others, even though the virus originated there? As for influence, what nation does *not* seek influence? Both Democrats and Republicans compete to denounce China. Surely it is better to advance your nation by selling goods to the world which are wanted, than subject millions of Iraqis to “shock and awe” and have your businesses chased from that nation by detestation. Vietnam is now a member of ASEAN, competing peacefully through trade. The West is *not* invariably right in its judgements. The disastrous war in Iraq, extolled by Tony Blair, cost the US \$3 trillion. We can, it seems, destroy nations but “nation building” is not for us! The US spends on weapons twenty times what it spends on diplomacy. What does that say about the West? Must everyone else be first cowed?

- **China needs help in explaining itself to the world: It needs our understanding**

Another motive behind this book is that while China is clearly heading the leagues when it comes to creating wealth and growing its economy, it does much less well at explaining itself and coming anywhere near to winning debates. Indeed, for the most part, the assiduous exposition of Chinese virtues has come from Westerners, or those allied with the West, including Joseph Needham, Martin Jacques, the professor of diplomacy and strategy and Kishore Mahbubani, the Singaporean diplomat and academic 20. There are several reasons why China finds it hard to explain itself to the world.

Any country with multiple parties, from which its leaders are elected, ends up choosing rhetoricians, backed by media experts, that champion that leader in what they write. These are among the most articulate and persuasive people in a nation. After twenty years in the USA, the British author returned to his country and

noticed some graffiti in Swiss Cottage tube station. It read, "When all is said and done *more* is said than done." The Western democracies talk up a storm but when it comes to *delivering* on what they promised the record is a lot less impressive. The Chinese are quite opposite. They say very little, explain themselves rather poorly but get on with it quietly when it comes to action. They rise to political power through an over two-thousand-year-old system of meritocracy and Confucian ethics. We rise to political power by jousting verbally and increasingly by pandering to what we know that people already believe, so they retweet this to friends, a travesty on intelligent dialogue or useful conversation. The Republican party is claiming the last election to be fraudulent and setting itself up as an autocracy that can never fairly lose. Five members of a conservative Supreme Court were nominated by Presidents who had fewer votes than opponents.

The Chinese also profoundly distrust those who blow their own trumpets. While President Trump rarely ceased praising himself, claiming to have the highest IQ in the vicinity, touting cures for the pandemic and blaming everyone else when things went wrong, you hear nothing like this from Xi Jinping. Confucian ethics teaches modesty. There is the famous Garden of the Humble Administrator at Suzhou. Confucius said "the superior person is modest in his speech, but exceeds in his action." He wrote "I hear and I forget...I act and I understand." "A great man is hard on himself. A small man is hard on others." "A superior person acts before he speaks and afterwards speaks in accordance with his acts." The Chinese see many of us as windbags, but are too polite to say so. Those who deserve praise will get it from other people. They do not need to show off. Democracy is part theatrics

Nor do the Chinese claim, as America does, to have doctrines by which the rest of the world should live, a universal dispensation that, to echo Abraham Lincoln, has "truths that are self-evident, that all men are created equal." This is a lot less real than ideal. China holds that the Chinese should be Chinese and Americans American and go their own particular ways. They do nothing to export communism or subvert us. They have no wish like missionaries to convert the heathen to their own beliefs, but they also resist our lecturing them on what they should do and how they should think.

Because all three authors are Westerners, we *also* aspire to a cultural science which applies to everyone. We think this possible and will try to make a start in this book. But we do NOT agree that this amounts to universalizing the Washington Consensus, so that the Chinese comply gratefully with Western values. A civilization two thousand, two hundred years old, the largest and longest on earth, prominent for at least 18 centuries and now on the rise again, deserves our respect and our attention. The universality to which we aspire *includes* Chinese ways of thinking and requires extended dialogues between East and West, North and South. We, the authors, aspire to a world culture based on a plurality of perspectives, that looks on reality from different angles. These are provided by those who have had different life experiences from ours, amongst which is Chinese culture. We aim to show that better understanding the Chinese is a way of better understanding ourselves.

- **Our position is that the values of West and East need to be fused not polarized.**

Before this book is read further, we wish to state our own position. Both the cultures of the West and East are legitimate, coherent and reasonable. Their practices follow logically from their underlying value premises. It is these values that not only differ but contrast and seem to negate each other. As world citizens we *share the truth between us* and the reason our cultures differ is because we encountered different challenges. We have measured national cultures for more than forty years.

It follows that if Asian values are opposite to ours, then this can make for productive relationships between us, as well as for potential conflict. One party has what the other lacks and this can mean pleasure or reproach. Research on cross cultural marriages, which one of our authors (Peverelli) enjoys with a Chinese wife, show that these are more likely to break down AND more likely to be creative and enlightening. No one says it is easy for the West to relate to the Chinese or vice versa, but it can be very rewarding indeed. We do not have to poison them with opium to reach understandings. What we actually believe is *that the West should be more like China and that China and East Asia should be more like the West*. We have much to learn from each other and our values need to blend.

China has already gained immeasurably by letting Western ideas infiltrate, but the West has been much slower to see any merit in what China sees and does. We each have, sometimes in excess, the values which the other lacks. When we joust verbally with each other and trade insults then we encourage excess on both sides. The West becomes ever more rule-bound, self-righteous and individualistic, China becomes ever more exceptional, resistant to criticism and community oriented. Yet the hostility being shown by the West is hastening our loss of influence and blinding us to what we lack. The Chinese borrow from *us* wholesale and put this to work.

The authors hope to show in what follows, that true virtue lies not *in* values but in dialogue *between* them. In many respects Chinese and American values are opposite and arouse shock and alarm in both camps, but each side has much to gain by comprehending that opposite and realizing what its own culture lacks. We can then become useful citizens of the world and adapt ourselves to all or most circumstances which arise, like COVID 19, global warming, mass extinctions etc. China represents the birth of a new global order, whether we like it or not. We believe it helps to understand this order, which is a perfectly logical exposition of its underlying culture. We need to grasp why China thinks and acts as it does.

- **The authoritarian fallacy**

One of the most persisting arguments that one hears about China is that it's culture is "authoritarian" and that it enforces obedience on an oppressed population, with nothing better to do than "rubber stamp" edicts delivered from on high. Were this true it would be very bad news, since it would show that wealth was more effectively created by fiat than by mutual understanding and dialogue among people. Nations seeking economic development would not have to bother about democracy or human rights, but simply conform to their governments' expectations. We now have close to a century of research on what makes organizations innovative and productive. There is not one shred of evidence that exacting obedience from employees by threatening freedoms is anything short of disastrous. The collapse of the Soviet Union and the Warsaw pact nations of Europe was a consequence of economic failure brought about by authoritarian rule. It became impossible to hide how badly the Eastern Bloc was faring in the distribution of consumer goods.

We only have to compare economic growth in South Korea with that of North Korea, of West German with East Germany, of mainland China before 1980 with the economies of Taiwan, Hong Kong and Singapore, to witness the effect of freedom on economies. The states in the USA who once owned slaves are consistently more impoverished and crime-ridden than those who fought a war to free them. South America exploited for precious metals by Spanish and Portuguese colonialism is for the most part an economic failure. Africa plundered by the West for its raw materials is similarly impoverished. *Oppressing peoples pays off not at all*. Even slave labour, although free to the oppressor, haunts him for centuries thereafter and spawns idle, land-holding aristocracies, waited on hand and foot. Forced labour is exceedingly inefficient and ineffective. Working hard and sweating labour cannot hold a candle to working smart.

The chronic economic failure of authoritarianism is even more pronounced when one takes knowledge into account. Research has indicated that where work is simple, like picking cotton or making cardboard boxes, then the costs of oppression are initially quite low. You use people's "hands" and can forget their humanity or their intelligences when moving those hands. But the moment you start to make anything complex, entailing specialist knowledge or solving problems, the costs of senior persons dictating solutions unilaterally is absurdly high. *You cannot be creative or innovative without allowing employees to think and use that knowledge at their own discretion*. If a team is full of specialists then you overrule just one of these at your peril. S/he may be correct and the single flaw could doom the whole project. You need not a majority of team members who vote but a complete consensus with every specialist signing off on what s/he knows best! Unless you treat knowledge workers with the utmost respect you invite expensive errors and badly weaken the economy. Given China's world-leading feats of innovation any charge that it routinely oppresses the people who provide this, is exceedingly far-fetched. They would need to be stupid in addition to being wicked and stupid they are not.

While it is obviously true that an employee who verbally assails the Chinese government is likely to get into trouble, over 99.0% of communications in companies are quite apolitical. The government does NOT have a position on how best to create high frequency transducers. It expects this to be discovered by experts working together. Moreover, where you accept that authorities have a right to run the government or the company you work for, then those authorities may encourage you to participate in their deliberations, since you are no threat to them, but rather have the expertise they seek. Authority can be and often is benign and parental and learns from its employees. Information enters an organization at fairly low levels, via sales reps and quality circles on the floor of factories. Unless you respect such people you will not learn about what customers want or be able to deliver this. In order to be effective knowledge needs to be shared and distributed and the evidence is that this is done very well by Chinese companies.

Authoritarian conduct is a well-researched pathology. The authoritarian punishes negative feedback on his conduct and hence fails to learn from any errors made. People *would* protest but dare not do so. You must kill not just Jews but anyone who objected to your doing this, or the truth will out. No one who might call you to account should be left alive. All such conduct is completely antithetical to being the most innovative supplier of goods on earth. We know the Chinese government searches out errors. It uses polling organizations, many of these Western, to check up on the effectiveness of its policies from pandemics to garbage collection.

It has “trust in government” scores higher than those enjoyed by President Kennedy in his Camelot years and the measurement indices are mostly American. 350 million Chinese took vacations abroad in 2019. It was not reported that any asked for asylum or failed to return. The economic rise of China was accompanied by the emergence of millions of Town and Village enterprises, the fastest growing sector of all, widely facilitated by local governments, often part-owners of such companies. It is through such businesses that Chinese communities express their freedom the world over, from Seattle to Singapore. In the Philippines a 3% Chinese population controls 70% of that country’s wealth and such lop-sided differences are very common in East Asia. There are *patterns of Chinese culture from which we must all learn*, if we are not to fall ever further behind.

There is one final footnote which applies especially to Charles Hampden-Turner and Fons Trompenaars, both of whom received their higher education in the USA. In a strange way the reasons for the rise of China were explained to them by their *American* educators 40 to 60 years ago. What Charles learned about human relationships in the workplace between 1962 and 1967 quite clearly accounts for the rise of first Japan, then the Pacific Rim and now China. *American scholarship knew all this before anyone else*, no wonder so many Chinese study there! American scholarship knows that improved human relationships drive productivity and innovation. We have lost count of how many times this has been discovered and been proved by research.

The value dimensions that frame this entire book are *all of American origin*. Yet to *know* is not to *care or to appreciate* and this is where value systems come in. America discovered human relations theory *by accident* at the Hawthorne works of Western Electric, an experiment to improve lighting, sponsored by a lighting company. In the course of this experiment, some women worked smarter, because they were being engaged with respectfully and in kindly fashion by Harvard researchers and because they became a team, developed as a team and learned from each other ²¹. American scholars worked all this out, but in the culture at large there were not enough takers. Profit and yet more was the name of the game. A creative minority of Americans have much benefitted from all this, but the bulk of the population have passed it by.

- **The sequence of what we contend**

We will address these matters in the sequence that follows. Chapter 1 asks what values are and even here East Asia and the West do not agree. The West tends to see values as money and possessions, as things that are accumulated, so that the more you have of these the better. In Mandarin the word “rich” means “well connected”. You have many people you can call upon. Hence Deng Xiaoping’s statement “It’s glorious to be rich,” is not an admission that the West was right all along, but praise for those who have many friends and allies and act in concert to get things done. Values are *differences* on values’ continua in our minds and how Chinese people differ from us has important ramifications. Polarizing such disputes does us no good at all!

Chapter 2 shows how we have measured the values of business cultures for close to forty years. The many ways China and East Asia differ from the Washington Consensus is revealed. We present respondents with dilemmas, or contrasting propositions to see which are preferred. Generally speaking the Chinese choose values opposite to our own, leaving us to feel we are being subverted and undermined by the antitheses of our own beliefs. Yet the choice between values is less vital than *entertaining them both* and mastering the whole continuum. Herein lies our problem. The Chinese have learned much from us about open markets and have adopted many of our practices, while we, despite the remarkable success of the whole Chinese diaspora and home market, seem to have learned almost nothing from them. Our current denunciations make this even worse. China is to be condemned not understood.

In Chapter 3 we summarize the value dimensions on which we disagree and by crossing these to form quadrants, we recognize the rival policies now in play. We discover that these are the entirely logical results of the value-premises underlying them. We and China are both implementing what we believe in and neither is being false to its own convictions. We deem China to be “wicked” because it violates *our* values to which it is our belief the whole world should adhere. There are many misunderstandings of this kind and we will be asking after we have explored these, how much “villainy” remains. One major difference is that we focus on things and people and the Chinese focus on the relationships between these. The latter view creates much wealth as we shall see.

Chapter 4 looks specifically at the COVID-19 pandemic and the massive discrepancy between deaths per million in the USA and the UK on the one hand and China and much of East Asia on the other. The champions of western values have fared considerably worse, several hundred times. China has lost 3 inhabitants in every million. The USA had lost nearly 1,900 inhabitants per million as of May 2021. The UK had lost even more. The Chinese returned to full production by early April, 2020. If this is due to underlying values then we have to take these very seriously indeed. We are talking about survival. It really DOES matter if you think of values as things or as processes. If they are things then every day of lock-down diminishes our freedoms and governments may never give back our rights to us. They are lost for ever. If they are processes then a total lock-down now will restore freedom much earlier than had we hesitated, yin swings to over to yang in rapid succession.

Chapter 5 looks at familiar scenes in the present pandemic and ask what they indicate about our respective cultures. Is it relevant that the pandemic is a community-wide affliction? Does this suit communitarian cultures? Does putting our faith in “science” when its answer is a year away increase deaths? Do consumerist cultures cater too much to self-indulgence? Do markets respond too slowly when infections double in days? Is unalloyed self-interest sufficient combat a crisis like this one? Is Public Health overlooked because it cannot be reduced to packaged individual benefits? If massive interventions are needed to prop up the economy, what else might be sponsored?

Chapter 6 asks who really “owns” a company? Is it those who work for the company and may have dedicated much of their lives to it, who have supplied it, who have bought its produce? (The stakeholders) Or is it those who have bought and traded shares in it, the shareholders? (Stakeholders include shareholders). Is it fundamentally flawed to try to “own” the genius, conviction and industry of other people as if this were a commodity? How do you understand the knowledge involved? Are you fit to direct this? This system is failing for many reasons. Because creating wealth comes first *in time*. There is nothing for shareholders to receive until and unless stakeholders have first created it. To reserve money for shareholders is to take it away from those who do the actual work at a later time, so you never discover what they *might* have accomplished had they been better resourced. Profits are not a leading indicator but a lagging indicator. Once they start to fall it may be too late. Shareholders think short-term. It may take 5-10 years for R&D to pay off. Shareholder dominance has been likened to cancer. If just one element in a system grows at the expense of others, the organism will sicken and die.

Chapter 7 looks at the nature of knowledge. If I sell a stick of candy for a dollar, I can have the candy or the dollar not both. But if I sell knowledge for a dollar I keep what I sell. Knowledge is abundance. The more I give you the more I have. It generates more knowledge, new knowledge, shared knowledge and whole knowledge communities, often surrounding a university and borrowing from it. The whole notion of

“intellectual property” adhering to persons like sticking plaster is absurd. Knowledge MUST be disseminated and the faster the better. Knowledge is not just something a market sells, it nourishes and grows the entire market so the teacher comes first and supplies the nutrients in which an economy grows. A product is not worth just its price but its growth potential. Microchips grow the mind. Potato chips grow the stomach. China leads the world scholastically and educates its people to the hilt. An economy must be steered towards greater knowledge and meaning.

Chapter 8 looks at two roles played by government, that of a Referee and that of Coach. The West features referees that do not take sides but are legally neutral while rivals clash. The referee is above all, impartial, detached and may penalize you. As in any game the ref tends to get booed and cursed. East Asian countries allow their governments to Coach. The coach strategizes with star players. S/he does not pick winners as much as observing who and why a company is winning and helping it on its way, to win better and faster in the wider world. You pick products that save the environment, connect people, generate knowledge and benefit mankind. You wait for markets to throw these up and then help sponsor their success.

Chapter 9 Will China bring an end to democracy? Asks what we mean by democracy. If we identify democracy with rhetoric among rival parties, followed by a vote, then probably China will not be democratic in that sense of the word for many years. But democracy can also be defined as dialogue between parties who differ but respect each other’s views and thereby achieve a negotiated consensus among stakeholders, so that creative companies are increasingly “democratic” in that sense of the word. The more viewpoints they unify, the more diverse people they can satisfy. At the moment Western democracy shows serious signs of fraying, with rival parties seeing each other in devilish guise. What adds to the misunderstanding is that each culture puts what it admires in the shop window. The West admires protest and dissent and puts heated arguments up front. It relegates give-and-take and increasingly courtesy, to the background. The Chinese put civility and order in the foreground, with hundreds of people clapping, and hide away the wrangling and the disagreements about which they are a bit ashamed. But they DO of course differ and the applause is partly for agreements hard won after fierce disputation. They have oldest and possibly the best Civil Service in the world, chosen by merit over two millennia.

Chapter 10 is about the revival of China’s ancient Silk Road, now re-named Belt and Road initiative and including overland routes and shipping lanes across the world. The idea being that all routes lead to China. Some of the years of fastest economic growth in China, on occasion reaching double digits, was when infrastructure was being built. It is almost impossible to calculate the value of getting to work in half the time at twice the speed, in not suffering from Ebola, in the effect of public transport reducing congestion and so on. The effects could be immeasurably large. What China is doing is attempting to build infrastructure for the whole world, by lending money to countries and using Chinese contractors to improve communications. The cost is \$1.7 trillion, fourteen times the size of the Marshall Plan when the USA rescued Europe after World War II. No one can accuse China of not aiming high. Some 160 nations are cooperating.

Chapter 11 argues that the ultimate infrastructure is our own eco-system. We must work *with* nature not against it. A tree wastes nothing and enriches its environment immeasurably. Thanks to millions of years of evolution, our earth has a wisdom of its own of which we need to be very respectful. Imposing our wills on nature gets us into trouble and turns the Amazon rain-forest into scrub-land for cattle. We must live in harmony with the natural universe as Chinese sages have counselled us.

Chapter 12 critiques the “survival of the fittest” also known as Social Darwinism, witness our fascination with T-Rex, *The Selfish Gene* and kings of the jungle. What actually survives is the *finest fit* between people and their environments. The unit of survival is the person-system relationship. You change people and environments at the same time, hence the 280 green cities under construction in China. They practice whole-system-change.

In Chapter 13 we return to the subject of values. These are not things or objects found beneath Christmas trees, they are vital processes, akin to breathing in and out and they work properly only in harmony with each other. Indeed this may be China’s greatest secret that as Confucius taught, different tunes, different views, different cultures, different values can blend with one another aesthetically. China still has a long

way to go in perfecting this, but attempts are being made, which we should wish success and emulate. Perhaps the universe does have an underlying order and the search for this could be productive.

In chapter 14 we consider “The Wrong that China (and America) does”. We postponed our value judgements earlier, the better to understand, but now having enumerated misunderstandings we must judge on the basis of what we have explained. What makes cultures act pathologically? Is China an example of this? Is the USA? We believe that the errors cultures commit derive from taking their favourite values too far. We get over-enthused about a value and push it too excess. The Chinese have a culture of very close relationships, deepened by gift-giving. This is both a stimulant to business *and* a source of corruption, where the cosiness of relationships is at the expense of the public and of third parties. China also has a tradition of grand visions, showered with blessings from heaven that have fallen flat on their faces from time to time. It has a preference for the dragons of order over disorder, which taken too far as in Tiananmen Square may actually provoke disorder. America for its part tend to take its role a world policeman and universal law-giver too far as well. Trump was a satire on boastful individualism. Britain took free trade too far when it smuggled opium illegally to China, rescued the pushers and seized Hong Kong to cover its expenses.

CHAPTER 1

THE NATURE OF VALUES: POSITIVE-NEGATIVE RELATIONSHIPS

In this chapter we introduce a new way of thinking about the values of a culture. We ask you to accept this on faith initially but within a very few pages we hope to demonstrate how illuminating this is. We shall proceed in the following sequence.

- **Values are not things but differences on a cognitive continuum.**
- **For this reason, they always come in contrasting pairs or binary digits.**
- **Values are not static but dynamic and move between contrasting states.**
- **All nations and all cultures face similar value-clashes but differ in their relative preferences.**
- **We have measured these relative values and the West and East Asia differ markedly.**
- **Values negate and complement each other like positives and negatives in photography**
- **Wealth-creation lies not so much *in* values as *between* them and how they relate**
- **Values that create wealth form virtuous circles.**
- **Values that destroy wealth form vicious circles.**
- **Do the Chinese have a better grasp of how values relate?**
- **The values which the Chinese prefer are the more inclusive.**
- **Values develop and grow the economy where they achieve dynamic equilibrium.**

We will consider these in turn.

- **Values are not things but differences on a cognitive continuum**

When the British author was trying to read up on ethics as a youth, he was always encountering the question “Is this a good thing? How can we tell?” Yet the very question is mistaken. *Values are not things at all but differences on continua in our minds.* Part of the problem is that we live in a very materialist society that deals in goods (short for good things) and the more we have of these the better off we reckon ourselves to be. We think of values as cumulative which in a sense they are, but not in straight lines, of profitability, of acquisition and of piles of loot. What saves millions of lives a year from traffic accidents are lights, red, yellow and green which communicate to us stop, ready, go. Were lights to get stuck on green or red they would become not just useless but lethal. Those behind a red light would lose patience and cross. Those behind a green-light would feel justified in proceeding at speed. Values are the way we communicate preferences and becoming fixated on any one “thing” is the equivalent of a stuck light or a Brexit “red line”. We need to keep shifting between contrasts. A red light does not mean “stop for ever more” but “wait a few seconds before proceeding.” Similarly, a lock-down can precede an opening up by weeks or more.

- **Values are not static but dynamic and move between contrasting states**

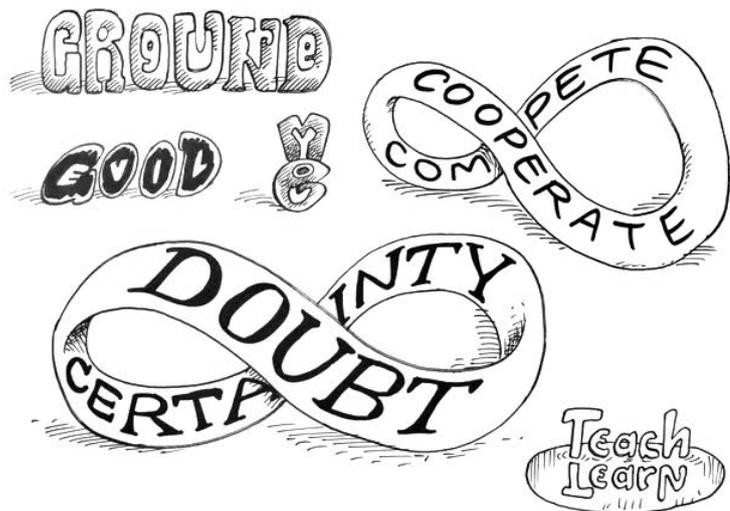
Many values, including light-signals, come in sequences. You make a *rule*, so you can later learn if there are *exceptions*. You *doubt* a proposition in science so as to become more *certain* of it later. You *invest* money today but hope to be more than *repaid* in the future. As an *individual* you are free to choose, but you may choose to serve your *community* from which so many of your earlier benefits derived. You risk *loss* of money for a later *reward*. You *verify* the finances of a company so that you may come to *trust* it. Values are *corybantic*. They dance wildly this way and that. We tend to think of values as stationary objects to which we can cling, like the Rock of Ages. Yet unlike things or objects values are alive. “For everything there is a season.” says the Book of Ecclesiastes, “and a time for every purpose under Heaven; a time to be born and a time to die; a time to plant and a time to harvest: ...a time to break-down and a time to build-up, a time

to weep and a time to laugh...a time to love and a time to hate..." Lao Tzu expressed near identical meanings. The British author remembers the GE pavilion at the Montreal World's fair. We were shuttled past scores of kitchen gadgets and appliances, then finally plunged to earth with the pronouncement "But our values will never change!" as hymns were sung behind a stained-glass window. Our values *must* catch up with burgeoning technologies and environmental crises.

- **Values come in contrasting pairs or binary digits**

It follows from the above that all values come in opposing pairs, like stop-go, courage-caution, reason-emotion, diversity-inclusion, teach-learn, cooperation-competition, good-evil, you-me, doubt-certainty, figure-ground and so on **1**. Indeed, the two opposed concepts are mutually defining. *Diversity* is limited by those whom we can *include*. We can *teach* only what we have first *learned*. Where we *cooperate* effectively our team or company becomes far more *competitive*. We *doubt* so as to become more *certain* and doubt again. The Me that I want to achieve is reflected in You.

One reason values can be vivid is their sheer contrast. You *love* the person but *hate* the wrong things they do. If you can communicate this, the person may anger you no longer. Indeed, the more you love the more you may hate certain acts or infidelities. It is not enough to have *diverse* people in your work-place you must make sure of their *inclusion*, only then will the extent of their difference be experienced and will your people learn. The fact that we will *die* makes each hour of *life* more precious as we are learning in the recent pandemic. These contrasts are heady and intense. They also come in "bits" or binary digits, the logic and language on which computers are based, so that values may reflect our digital age. If values are differences, the question which arises at once is *different from what?* All values are in part defined by their opposites. The reason for taking *risks* is that we thereby keep ourselves *secure*. What needs to be upheld is not risk-by-itself, nor security by itself but *the process of rendering ourselves more secure through intelligent risk-taking*. It is the whole values' continuum that must be upheld. What joins these values together are relationships of Figure-Ground, Text-Context, shown on the right. The values remain integral to one another and develop together. Each needs its opposite to feature and proclaim its value, so that Doubt needs Certainty. Even the Good needs the possibility of Evil to highlight its importance. What matters are outcomes. A product is not either inexpensive or of high quality, not either aesthetic or useful, not either complex or simple to use, but BOTH.



- **All national cultures face the same value-clashes but differ in their relative preferences**

China and for that matter any viable culture, confronts essentially the *same pairs of binary values* as does the West but takes a view so different, as to be virtually the opposite of the view taken by America or the UK. For example, the West led by the USA and English-speaking nations sets great store by establishing *universal laws* applicable to everyone, everywhere regardless of their ethnicity or cultural experience. There is one best way of leading, developing economically, governing a nation, legislating and applying science. The USA has led or discovered most of these. It is a superpower as a consequence and everyone else should follow its lead. The Chinese are much more interested in exceptions, in being that exception and in particular relationships among people. It believes its civilization to be both ancient and unique **2**. It believes it should be appreciated but not copied and does not spell out political codes and demand that other nations and cultures live by Chinese rules. Nations should find their own particular paths and relate to China in their diversity. **3**

We have noted that as between two contrasting values, nations have their preferences, but in this case the preferences are particularly pronounced. Interest in laws requires lawyers and the USA has *thirty times more per head of population* than does China. Is America's reliance on law "excessive" or is China's rule of law "too weak"? Are legal contracts more useful than personal relationships? One problem with resorting to law is that one of two parties win and the other loses, while it might be better to have a relationship in which both could win and gain. Lawyers do not by themselves create wealth and to have many more of them may not be a competitive advantage.

- **We have measured these relative preferences and the West and East Asia differ markedly**

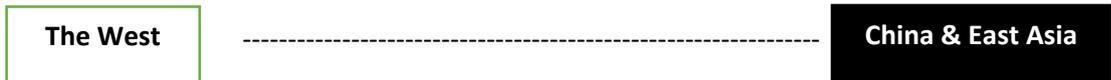
We have for the last 40 years measured the management cultures of some 72 nations or more and the differences between East Asia, including China, and the West are very clear, very wide and very consistent 3. Cultures change only slowly or not at all. We are speaking of key underlying assumptions, the products of history, of language and of tradition. We measured eight dimensions, with sixteen contrasts, on all of which the West differs from East Asians by large degrees. In all cases the USA, Israel, the UK and the English-speaking ex-Dominions are the furthest in westerly direction and China, Japan and South Korea are furthest in an easterly direction. This is important because we believe that China's strength lies in the culture of its people. Its communist leadership sustains that culture rather than supplanting it. Those outside China, in its Diaspora, were the first to show rapid economic development. Hong Kong and Singapore were the first to develop via Western influence. It appears to be very valuable to let Western values modify East Asian values. Hybrids of the two develop fast. China took off economically no sooner did it do this. The West has inferred from this that it was "right" all along, but this may not be the whole story. China has absorbed some of our values *without surrendering its own*. It has the more inclusive and relational view

Six of the eight dimensions were chosen by Fons Trompenaars for his doctoral thesis at the Wharton School at the beginning of the 80's and have been much published, see especially *Riding the Waves of Culture*, now its 4th edition and *The Seven Cultures of Capitalism* 4. Two dimensions come from the work of Geert Hofstede. The first of our dimensions is the preference for **Universal laws**-----**Particular exceptions**. The second dimension is the relative preference for **Individualism and Freedom**-----**Community and Responsibility**. The third dimension is the preference for **Specifics** (like money or data)-----**Diffuse** (wholes and patterns). Does culture like to analyse things into pieces or design them into larger wholes? The fourth dimension is about how status is conferred by a society. Is this on the basis of **Achievement** (and success)-----**Ascription** (praise by members of your shared culture). The fifth dimension is how **Inner-directed** (to personal conscience)----- or how **Outer-directed** (to the social and environmental system) a culture is. The sixth dimension has to do with time. Does a culture conceive of time as **Sequential** (with passing increments)-----or as **Synchronized** (just-in-time or good timing). Two more dimensions, measured by Hofstede, were **Self-indulgence**-----**Self-control** and **Short-term**-----**Long-term** 5. We will see that the West, the USA in particular, prefers the first of these and China and most of Asia prefers the second.

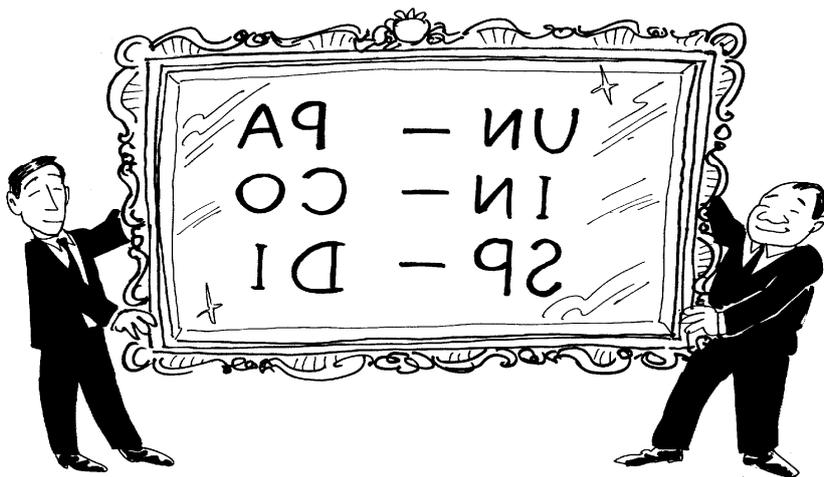
- **Values negate and complement each other like positives and negatives in photography**

It is undeniable that values at the ends of each dimension negate each other. *Rules* come to an end when *exceptions* start. When *individuals* defy their *communities* and blow the whistle they have chosen their own counsel in preference to social pressure from the group. You either pick out *specific* elements or search for *diffuse* patterns. *However these negations are also complements*. The presence of exceptions tells you much about your rule and whether it needs changing. The *individual* who blows the whistle may love the *community* and want to stop it being harmed. The integrity of the whole *diffuse* pattern depends on every *specific* part being right. As William Blake pointed out *contraries are positives*. "I was angry with my friend, I told my wrath, my wrath did end." In photography the negative is an essential part of finished picture. It negates and it contributes at the same time and is needed to reveal differences of light and shade.

In this book we will show how China and East Asia reverses the way the West sees things with the following contrast.



Another metaphor is a mirror-image. This switches over any mark on your face from the left to right or right to left. What you actually see is the reverse of your face as it really is. In the same way universalism-----particularism becomes particularism-----universalism, but in looking glass-writing, see below. The dimensions are the same but their sequence has been reversed. 6



Chinese values switch over our values and our values switch over theirs, so that UN for **universalism** switches to the right and CO for **communitarianism** is put first. It is potentially confusing and upsetting. They are very near to us yet also very far and quite opposed. They give priority to what we put in second place. Below we see the eight dimensions of difference laid out.

Table 1 The Two Opposed Positives & Negatives

The WEST	The EAST	EAST ASIA
Universal rules-----		Particular exceptions
Individualism/self-interest-----		Community/benefit others
Specific points and parts-----		Diffuse patterns & wholes
Inner-directed by convictions-----		Outer-directed by responsibilities
Achieved status-----		Ascribed status
Sequential time-----		Synchronous time
Self-indulgence-----		Self-control
Short-term-----		Long-term

These relative cultural preferences are steeped in history. If you have upped sticks, left most of the people you know and immigrated to the USA, then your individualism is self-evident. If you are old and cannot work and your family has hardly enough food, then you order your son carry you up the mountain and leave you to die so your family can eat. Different values fit well into different situations. Great Britain’s interest in

universal rules of science and of governance almost certainly drove the first industrial revolution, created the Mother of Parliaments and helped build its empire.

But are these opposed pairs of values of equal importance? Surely **universal rules** are more important than **particular exceptions**? Many nations seem to think so. When we present respondents with a choice between them, then West and East choose as indicated above in our positive-negative chart. The West believes its universal rules of economics or political governance are more important than any exceptions raised by countries in East Asia. But we hold that they are *equally important as they are essential to each other*. The only way that rules can be improved and cover more instances, is if exceptions are taken very seriously. Besides civilization itself is full of unique feats of excellence which rules cannot explain, a fortunate state of affairs.

We can only tell if we are exceptional if we know the rules, yet over time those rules may cover what we have excelled at. What needs to be sustained at all costs is the *entire continuum*, rules working with exceptions to develop both values. What matters is that the two values, from West and East *work together in synergy* 7. We have what China lacks. China has what we lack and we both have everything to gain from mutual understanding. Yet our different strengths make us suspicious of each other. It is as if China's love of exceptions reproaches our rules and our rules reproach China's exceptionalism. Each side feels undermined by the other which seems to negate what it believes in.

Is there evidence that some cultures take rules and laws more seriously than others? We have already drawn attention to the disparity in the number of lawyers per capita. This is a huge difference. Many members of America's Congress are trial lawyers, convinced that we are all adversaries and that in nearly all cases either the plaintiff or the defendant must win and be indemnified by the other. The West sees most encounters between human beings are win-lose with victory usually going to those willing to spend the most money on smarter lawyers. The West regards the rule of law in much of Asia as "weak" and insufficiently developed. But suppose the parties were to devise a solution in which both of them gained? This is what minority groups of business entrepreneurs have done for centuries. You pick a trusted person in your community, a *Shone Juden*, or "Beautiful Jew" and he or she comes up with a solution that unites rather than divides the small community. No one can afford to lose half of his/her friends by a dispute in a minority business community. You need a solution that keeps everyone happy and saves the reputations of both parties and keeps undivided the small network on which your economic fortunes depend.

When someone has values opposite to our own, we tend to get suspicious. So, another important aim of this book is that *we learn to take the values of other nations on board*, and understand when these values, less familiar to us, are appropriate and when they are not. If you are a passenger in a car and while it is speeding it hits a pedestrian, you would testify truthfully in any court case, wouldn't you? But would you do so if the driver was your teenage daughter, who had just passed her driver's test and faced jail? There is an East Asian inside all of us!

- **Wealth creation lies not so much *in* values as *between* them & how they relate.**

We take the same approach to the other seven value dimensions. **Individualism** much extolled in the West is neither inferior nor superior to the **Community**. This is because the better the community serves individual members, then the better can those individuals serve the community that nurtured them. To the extent that they repay the community, it will flourish and nurture individuality in others. What is desirable is that the individual and the community work together and develop each other. A community can only be improved where individual members serve it well. Since the community is *composed of* individuals it is nonsense to conceive of one without the other.

We are simultaneously one person and part of the community. We are fulfilled as persons when the community confirms our individual identities. Socrates died because he insisted on serving his community in a particular way, as a critic, as a sceptic and as a teacher. He died *not* for his individuality – he could have left the city and was actually given time and opportunity to flee – he died for *the integrity between the individual and the community*, for *psyche*, the Greek for soul or connection between living beings and their

values. He refused to break the bond by going into exile. Those who condemned him to “death”, probably expected him to flee, but he has “lived” much longer in our memories than they have.

We have a similar attitude to **Specific** parts and **Diffuse** wholes. There can be no parts without wholes. All wholes *consist of parts*. If you do nothing but analyse and reduce phenomena, you will be left with fragments, numbers that report profits amid debris and bric-a-brac. Someone must try to re-assemble the whole. A company is NOT just a set of figures and a pile of money, but a web of relationships, not just pieces of property but a meaningful vision, a higher purpose, a super-ordinate goal. That said, such totals can become totalitarian. A nation or religion can become an idol. As Aldous Huxley observed “every idol sooner or later becomes a Moloch hungry for human sacrifice.” There is peril in too much fragmentation AND peril in Great Leaps Forward and similar transcendent movements. God is in the details *and* in larger meanings. The entire continuum between specific and diffuse must act as a bridge, facilitating movement between the two.

Whether status is awarded to those who have **Achieved** or is **Ascribed** for other reasons, family, good looks, noble causes, charitable giving, royal connections, colourful personality, is less important than how people are treated. If they are treated with respect in an egalitarian society that ascribes importance to them, they are *more likely to go forth and achieve*. Achievement is very much the product of equal opportunities. None-the-less celebrating achievement in terms of money accumulated, raises up those who sell us cigarettes, addict us to opioids, tempt us to gamble and who bet on financial futures, and puts them above those who try to save animals from extinction and the earth from warming. We need to *ascribe value to aims that need achieving*, even where success is unlikely or still some distance away. The market will *not* reward everything that needs doing. It does not reward those who prepare for pandemics for example. The same applies to being **Inner-directed**, driven from within our souls and by steely determination, or **Outer-directed** responding to the cries of our tortured eco-system. We need to bring the dire circumstances outside us into our inner consciences and act accordingly.

It is essential that we do things in the fastest **Sequence** possible. Time is money. Time is also life. Zeal-of-the-Land-Busy is the businessman-as-Puritan, building God’s Kingdom in the few years available to him. But when we have dozens of sequences all in motion, it becomes essential to **Synchronize** these just-in-time as the two polarized values come together and operations are done simultaneously and in parallel, thereby saving time, and are then joined. This is how hospitals are built in nine days, those tested are tracked, traced and isolated and vaccines discovered, tested, manufactured and distributed quickly.

We all seek **Self-indulgence**, life’s pleasures should be lived to the full. We crowd lives with novel experiences and fine wines, but there are also circumstances, like during a pandemic, when we must exercise **Self-control** or many more thousands will die unless we do. It is not enjoyable but it is vital, if we are soon to enjoy ourselves once more. Note that self-control is compatible with (later) self-indulgence, but that the indulgent may resist all control as has been happening in those Western economies most oriented to consumption. Unless we look to the **Short-term**, we will run out of cash, the most common reason businesses go under. Yet with life expectancy nudging 80 years or more and with families existing indefinitely our time horizons need to be **Long-term**, if we want our lives to have meaning. Moreover the *long-term absorbs many short-terms but not vice versa*.

The key word that refers to the relationship between values is **synergy**. When rules work with exceptions and fast sequences are completed just in time to be synchronized, then values develop each other (*syn-ergo* “together work”). Ruth Benedict, the anthropologist, discovered this when looking at the cultural patterns of several American Indian tribes. She initially looked at the vehemence with which values were expressed, hoping that *altruism* would be stronger than *egoism* in tribes which reported most happiness and least addiction. She was disappointed. Some of the most miserable tribes extolled altruism to the skies while the happiest tribe rarely invoked it. Her whole life’s work as an anthropologist was in crisis **8**.

Then she realized she was asking the wrong questions. Shouting about values missing from your culture was not the point. The happiest tribe made very sure that when someone behaved altruistically *her egoism and self-interest was restored to her by the reciprocity of those she had helped*. What had actually happened was that the difference between these values had been transcended, those who gave most to others

received most in return. This is very important because China is a gift-giving culture of high reciprocity, in which favours escalate on both sides. It builds deep, abiding relationships among work colleagues, which outsiders find it hard to penetrate. Even if you offer a lower price, the customer may simply ask his preferred supplier to match this and retain the relationship long-term **9**.

So, what is the motive of she who helps a neighbour and is confident that her favour will be returned? Is she being unselfish or selfish? The answer is neither or both. The difference between these values has disappeared and been replaced by a happy relationship between those persons and their values. This helps explain why those who moralise the most may in fact be deeply unhappy, that when President Lyndon Johnson tells Americans he is “praying”, then the bombs are about to fall and the Vietnamese should duck. We talk more about values when we *lack* them. Angels hovered over the killing fields of World War I. When we combine values, those distinctions blur into a strong fusion which is neither one nor the other. Contrasts disappear.

- **Values that create wealth form virtuous circles**

Values which are in synergy form virtuous circles **10**. Each “opposed” value is enhanced through its negation. The ropes indicate the tensions. Below we have eight illustrations of how this happens.

Eight Virtuous Circles

