

A GREAT WALL OF NUMBERS

China's impressive statistics can mystify more than clarify, say Brunswick's
TIM PAYNE and GINNY WILMERDING

SOMEDAY, THE REST of the world will develop a mature view of China, its people and its sense of identity – one that does not simply default to numbers and statistics. We're not there yet. Instead, most analyses of China offer a diet of data, not insight; percentages without perspective. Most non-Chinese are still encountering modern China for the first time, and it may take another generation for foreigners to develop a nuanced version of the country's national identity, particularly when the country is changing so rapidly. Of course, there are those who complain that statistics in China are unreliable anyway. Regardless, their interpretation is surely problematic.

It is true that almost everything in China needs to be considered through the lens of its 1.4 billion people, including politics, healthcare, food security, education and business. It is also true that China's economy has surpassed Japan's. In 2014, it even passed the US, on a purchasing-power basis, thanks to years of an annual GDP growth rate of 7.7 percent or better.

But – so what? Declaratory shocking numbers and the forecasting of extremes unfortunately leave very little room for nuance and understanding.

Perhaps one reason we default to numbers when grappling to understand China is that its politics are hard to read. China is a one-party system, but quite different, economically and culturally, from the idea of a communist state that many foreigners learned about growing up. In the US, for example, “national identity”

and the perception of the democratic system are closely associated with freedom and individuality. Westerners have a hard time understanding the complexity of a “communist” nation where market forces and individuality are thriving but freedom is more economic than political. Finding ourselves overreaching to understand the culture, we go back to the numbers.

This deprives us of important insights. Here are two examples of big numbers that don't tell the whole story.

85 MILLION COMMUNIST PARTY MEMBERS

This statistic makes the Communist Party in China the largest political party in the world. What does this mean? Do we know what ordinary members get out of membership? In an article suggesting that local governments need to be more selective when recruiting members, *The Wall Street Journal* rightly points out that young people have long seen membership as a ticket to success, whether in finding a job or getting promoted. This rather capitalist-sounding rationale is totally different from the reasons for belonging to, say, the Republican or Democratic parties in the US. As a result, a layperson could easily misinterpret the “85 million members” number, giving it a significance it may not actually warrant.

\$103 BILLION INVESTED OVERSEAS

The value of China's outbound investments topped \$100 billion for the first time in 2014. Impressive. But what does it mean? What is driving the investment decisions? Common wisdom is that China is securing natural resources and commodities that will fuel its continued growth. That's not wrong. However, *The Wall Street Journal* noted that overseas buying by private companies, as opposed to state-owned enterprises (SOEs), surged to almost half of overseas acquisitions by mainland companies in 2013. So what's the deal? Are SOEs doing less, due to falling resource prices and a crackdown on overspending? Or is it that private companies in consumer and technology industries are doing more, ramping up high-profile acquisitions on the global stage? Neither of these explanations is wrong. And that's where the nuance is.

We need to move beyond merely accepting and repeating statistics, however compelling they may be. To truly understand China, we must look past the surface data to the relevant, underlying behaviors and the conditions that created the numbers in the first place.

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