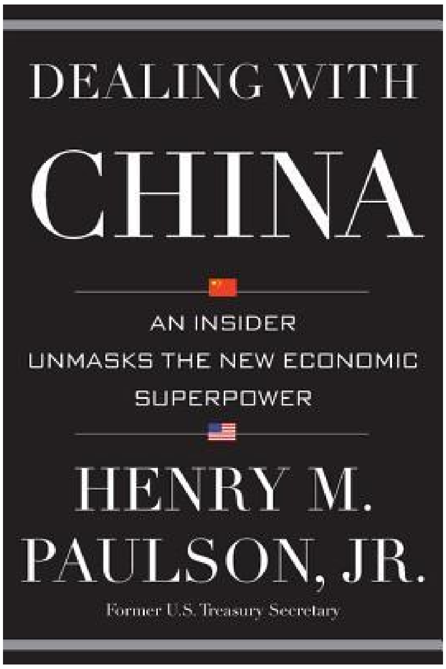

Dealing with China: An Insider Unmasks the New Economic Superpower

Henry M. Paulson Jr. , Michael K. Carroll

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DEALING WITH CHINA takes the reader behind closed doors to witness the creation and evolution of China's state-controlled capitalism.

Written in the same anecdote-rich, page-turning style as Paulson's bestselling memoir, *On the Brink* , DEALING WITH CHINA is certain to become the classic and definitive examination of engaging an economic superpower.

Hank Paulson has dealt with China unlike any other foreigner. As head of Goldman Sachs, Paulson had a pivotal role in opening up China to private enterprise. Then, as Treasury secretary, he created the Strategic Economic Dialogue with what is now the world's second-largest economy. While negotiating with China on economic reforms, he safeguarded the teetering U.S. financial system. Paulson has worked with scores of top Chinese leaders, including Xi Jinping, China's most powerful man in decades. Now, in DEALING WITH CHINA, he takes readers behind closed doors to witness the future of China's state-controlled capitalism.

Dealing with China: An Insider Unmasks the New Economic Superpower Details

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From Reader Review Dealing with China: An Insider Unmasks the New Economic Superpower for online ebook

Patrick says

Finally finished this book on my Kindle. Mr. Paulson has written this great book on his years of dealing with China on various capacities. Fascinating stories and details about Chinese politicians and businessmen. A must-read if you want to understand current China and the state of U.S.-China relations.

Breakingviews says

By John Foley

Hank Paulson’s two decades of negotiations with China have left him with a wealth of anecdotes, presumably a sizeable stack of air miles and a new book, “Dealing With China”. Paulson shows himself a master of two rules of doing business in the People’s Republic: cultivate contacts like crazy, and know when to leave the killer details unspoken.

Paulson, who courted China as Goldman Sachs chief, U.S. Treasury secretary and then as head of his eponymous “think and do tank”, paints a vivid picture of a China that pretends to no longer exist. It’s a land where noble officials beg straight-talking American bankers to help get their finances in order - at least until the financial crisis. It’s a world where favours are repaid. It’s the first third of the book, in which Paulson establishes Goldman’s toehold in the People’s Republic, that resonates most.

America’s most controversial investment bank won the trust of Chinese officialdom when rivals mostly ignored the country. Morgan Stanley, an early mover in the 1990s through its joint-venture investment bank China International Capital Corp, was mired in infighting and ineptitude. To this day, Goldman is one of only two foreign companies permitted full management control over their brokerages in China.

Paulson might be most proud of his upfrontness and ability to listen, but readers will be more struck by an indefatigable pursuit of personal connections, and a willingness to use them opportunistically. An environmental-group meeting with President Jiang Zemin is seized as a chance to discuss Goldman Sachs’ role in China’s capital markets. While running the Strategic Economic Dialogue, he secures the outward passage of a formerly jailed activist.

Paulson flatters liberally and isn’t shy of basking in the adulation that he receives in return. He is branded a hero for visiting China during the SARS epidemic. He is “literally mobbed” by awestruck students after a speech at Tsinghua University. The biggest praise in Paulson’s world, which he both receives and gives frequently, is to be the kind of person who gets things done.

Copious diplomacy might be expected from a man who still has career ambitions in the People’s Republic. Still, in the memoir it grates. Take Paulson’s seemingly uncanny ability to distinguish heroes from villains. President Xi Jinping, central bank chief Zhou Xiaochuan, anti-graft tsar Wang Qishan and Premier Li Keqiang are instantly recognised by Paulson as good eggs. The treatment of Wang, who called in Goldman to help reconstruct the broken conglomerate Guangdong Enterprises in the 1990s, verges on hagiography.

Conversely the now-jailed Bo Xilai, with whom Paulson once shared a Whole Foods take-out dinner, is “overbearing and aggressive”. A memorably obnoxious power sector chief shows indifference over the destruction of the World Trade Centre in 2001, and later absconds in a graft scandal. There is disappointingly little colour about purged security chief Zhou Yongkang, even though Paulson worked since the 1990s with the then-head of Goldman client PetroChina.

Paulson does not discuss what might be Goldman’s most interesting Chinese moment: the bailout of Hainan Securities. Goldman donated around $60 million to the bust brokerage during Paulson’s stewardship. In return, from the ashes of Hainan Securities came a new licence that was awarded to the firm’s joint venture, where the U.S. group was allowed to take effective management control. Blessed personally by Wang Qishan, that odd deal would be difficult to imagine in today’s tough supervisory environment.

“Dealing With China” also glosses over some areas where things didn’t “get done”. Despite Paulson’s evangelism, unhelpful rules still stunt foreign financial companies in China. While foreign-invested brokerages have struggled, Chinese rivals like Galaxy and Citic have grown into aggressive colossi. And one of the main goals of part-privatising state enterprises like PetroChina, namely improving governance and bringing market discipline, has not been reached, as evinced by an ongoing parade of corruption purges and continued heavy-handed political management.

In later chapters the book descends into bland recitations of problems the Chinese government already talks about openly, like the need for more social mobility and a cleaner environment. The exception might be his criticism of internet and social restrictions, but here he pulls his punches, explaining how social oppression is “perfectly logical” from the ruling party’s perspective. Coy references to the Tiananmen Square massacre of 1989 make all too much sense in light of Paulson’s remarks that he hopes the book will be published in China in an uncensored form.

Maybe the biggest unspoken message of the book is that beneath the praise and friendship, it’s really all business. That’s one thing that hasn’t changed. Today, Goldman’s Asia head and vice chairman, Mark Schwartz, is the only foreign banker of his rank based in mainland China. But then he is also the highest paid of the company’s top executives, receiving a package worth $24 million in 2014, including a $6 million payment to spare him from the effect of China’s income taxes.

If Paulson created a template for dealing with China, it is to say what your hosts want to hear, while keeping a close eye on the financial prize.

(Original here)

Knigoqdec says

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Hadrian says

REVISED -- December 13, 2018

Bullish (probably overly bullish) portrayal of relationships and the benefits of cooperation between China and the United States. Paulson's perspective comes from 30,000 feet - as Chairman and CEO of Goldman Sachs, and as Secretary of the Treasury, his specific anecdotes about leadership figures will almost certainly not apply to everybody else. I can list only a handful of other figures with a closer relationship with Chinese leadership figures, and as such governmental figures will treat him differently in their own messaging.

His recommendations are partly in line with what *was* established China policy (e.g. adherence to international financial standards, currency liberalization, they'll reform and democratize eventually), and some are a touch more proactive (e.g. speaking with "one voice" to provide a more coherent message for the Chinese government to react to, or supporting greater Chinese activity within established international organizations like the WTO). But in retrospect, that policy has been attacked as complacent.

But now it's 2018, and taking a more 'hawkish' (oppositional?) stance towards the Chinese government on anything from trade policy to intellectual property theft to human rights abuses is one of the few issues where there is anything even resembling a bipartisan consensus in Washington. Perhaps better to read this now as an artifact of an earlier period of wishful thinking, a misreading of how 'illiberal' and authoritarian states adapt, and now in light of the deteriorating relationship and often provocations since the Xi Jinping era, and now Trump.

Maggie Wang says

Couldn't agree more with his perspective and views about China. The way he analyses the behaviors and reasons for the actions China took is very spot-on. A very good piece to read if you want to know how Chinese people think and try to understand why they do what they do, especially Page 357.

Paul says

There is very little about China here (in fact there is more about the US), this is strictly a memoir.

"Dear Diary,
Today I saved the world economy and the environment. Again. I am best boss. I had lunch with some Chinese guys I despise (what simpletons they all are). No sacrifice too big for my country."

Wish this book had a more honest title. What surprised me most was how boring his life was. I have to assume he's holding out on the interesting bits. This would mesh with the level of honesty exhibited by the fact that he badmouths the Chinese leaders but only those who have been removed from power by now. I wonder if he realised how much that would stand out.

Russell R Miller says

Goldman outmaneuvers its competitors and recommendations on how China can make structural changes to become even more powerful

The author is one heck of an effective salesman. Make connections, bring confidence and be unrelenting in follow through; former Secretary of the Treasury Henry Paulson demonstrates those qualities and an intellect and drive that has made his former company Goldman Sachs one of the leaders in Chinese mandates. A huge hunk of the book is about this interesting business story with only occasional barbs thrown at its arch enemy Morgan Stanley.
Odd to say, but this is not a book about understanding the Chinese people better.
It is part the narrative of a remarkable man's ability to penetrate a very difficult business access environment and succeed at it; and part thoughtful prescriptions to correct the many impediments that exist in the Chinese economy...with a dash of inspiration regarding the remarkable natural topography of China that is worth protecting and preserving.

Maria says

The correct title of this book should be *My Dealings with China: An Insider Unmasks the New Economic Superpower*. This book is the personal experiences of Paulson as he worked as head of Goldman Sachs, then, as Treasury secretary, in opening Chinese markets and stabilizing the US market in the beginnings of the 2008 crash. Interesting stories, great context to immediate Chinese economic and political history, but not a how to manual on how to "Deal with China."

Why I started this book: Overdrive recommended this title based on my past selections.

Why I finished it: Like I said, interesting... but I would have liked a little more overarching structure and a bigger conclusion and future recommendation section. Or a title change. Either option would have bumped it up a star.

Tianyi Zhang says

As a Chinese, I feel it should be renamed to "Dealing with Chinese Officials".

Robert Pinto says

Recently read "Dealing With China" by Henry M. Paulson. It is a detailed account on the recent political and business history of China. It spans from 1978-2015. Very detailed. Very personal. Henry Paulson, who was the secretary of the treasury during the Bush administration, recalls his business deals he made with the

Chinese government during his tenure as an investment banker and CEO of Goldman Sachs and also being secretary of the treasury for the United States. His personal accounts of creating Petro China, one of the greatest companies in the world by revenue and influence is fascinating. Along with dealing with interesting and some unsavory characters within the government of China, Mr. Paulson doesn't sugarcoat any accounts nor leave out any important examples. If you are a business major or interested in business management and world affairs I definitely recommend "Dealing With China."

John Tyson says

A solid dose of GS propaganda scatters itself throughout the first part of the book in the chapters on financial reform, but setting that aside, Paulson makes very clear his opinion on the importance of forging a coherent working relationship between the US and China that will hopefully benefit both countries economically, environmentally, and perhaps even, militarily.

He also provides some interesting anecdotes and tidbits on operating in China from a business and personal perspective that are informative for somebody like me with virtually no experience whatsoever working with the Chinese.

Daniel says

The book is divided into 3 parts. A summary:

1/ Paulson was a great banker who, by using IPOs to stimulate accountability, restructuring and capital investment, helped the Chinese economy move from a centrally-planned system to a market-based one.

2/ Paulson was a great Treasury Secretary who, through small but significant agreements, helped the Chinese economy move from a centrally-planned system to a market-based one.

3/ The key for China's future success is continuing to move its economy from a centrally-planned system to a market-based one.

4/ Also, the environment.

I'm oversimplifying it, but not a ton. And for the record, I do think he was both a great head of Goldman Sachs and a fantastic Secretary of the Treasury. But the book itself is just meh. The stories are surprisingly engaging - surprisingly because it deals with 2 subjects (banking and policy) that I don't have much interest in. But it’s kind of awkwardly organized (he frequently mentions organizations and people then explains what and who they are many pages later) and tends to delve into repetitive minutiae (endless stories of yet another IPO) without drawing broad lessons.

That’s the fundamental problem I have with the book: only a fraction of it - a few pages at the end - actually involve how to deal with China. The stories that compose the rest of the book draw microconclusions, interesting for the story but disappointing given the title of the book.

Joseph says

Really dry, boring, and long. I was just glad to finish. Although, as others noted, the more interesting parts were near the end where Paulson actually addresses "dealing with china" at a high level with critical and strategic thinking. He dived too deeply into boring details too often.

The main reason this book falls short is almost certainly that Paulson's current endeavor, The Paulson Institute, works closely with many Chinese business partners. Thus he had to be sure to not burn any bridges and erred on the side of caution.

There were a few interesting tidbits here and there, but ultimately a major longwinded letdown.

B. says

I am amazed I made it through this book. Not surprisingly Mr. Paulson's book is quite dry and reads somewhat like an accounting textbook. It is, however, peppered with interesting and historical anecdotes. This book will allow you to have a greater understanding of the modern form of "communism" that China is embracing. Mr. Paulson is a classical "boring" banker who gets excited about interest rates. He is a Christian Scientist, family man, and overall honest businessman. He enjoys bird watching and environmental conservation. He is the complete opposite of the stereotypical "wall street" financial baron.

Mark Koester says

A lot good info about China and its development as well as Paulson's dealings in China. An interesting read.
