
Jamie Dimon Jokes, but Will China's Leadership Laugh?: Shuli Ren (1)
2021-11-24 13:34:29.762 GMT

By Shuli Ren

(Bloomberg Opinion) -- In the U.S., chief executives like to be funny, cracking jokes on stage to get the audience's attention and showcase their charisma. But some jokes can go too far, especially when they involve China, where politicians have a different sense of humor — and sometimes none at all. “The Communist Party is celebrating its 100th year — so is JPMorgan,” the bank's chief executive officer, Jamie Dimon, said Tuesday at a panel discussion at the Boston College Chief Executives Club. “I'd make a bet we last longer,” reported Bloomberg News.

Here's why the joke was risky. The party's longevity is an enormously sensitive subject for President Xi Jinping. As economic growth slows and income inequality widens, many in China feel that the country is headed down the wrong path. This summer, as Xi prepares for his third term, he has made a big push for “common prosperity,” a socialist drive to broaden China's middle class and bolster the regime's popularity. A big question is why Dimon felt secure enough to make the crack. He certainly enjoys plenty of goodwill inside China. Earlier this year, the bank won approval from Chinese regulators to fully own its China securities venture. Last week, he managed to visit Hong Kong without undergoing a three-week quarantine, normally mandatory for visitors from the U.S.

It's possible that Dimon, who has a long history of making brash remarks, felt comfortable enough with JPMorgan Chase's standing in China that he could afford to be a little provocative, while perhaps signaling to the rest of the world that he isn't captive to the restrictive regime.

Whatever the intent, Dimon and other corporate leaders can't be too careful when it comes to dealing with China. Indeed, the day after his quip, Dimon issued a statement, saying, “I regret and should not have made that comment. I was trying to emphasize the strength and longevity of our company.” Even the warmest relationship can evaporate quickly. The recent experience of U.S. private equity group Blackstone Inc. is telling. Blackstone's co-founder, Stephen Schwarzman, has spent years wooing China's political elite, including pledging \$100 million to build a prestigious international education

program at Tsinghua University, President Xi's alma mater, to mint dozens of "Schwarzman Scholars" a year. Even so, Schwarzman's planned \$3 billion purchase of developer Soho China Ltd. was blocked by Chinese regulators amid growing anticapitalist sentiment. If Blackstone was merely trying to broaden its real estate portfolio in China, JPMorgan's business dealings could be a lot more politically sensitive. The company is pushing private banking there, with an army of relationship managers looking to persuade China's newly rich to open wealth management accounts. Such a move could easily be portrayed as divisive in a country increasingly sensitive to the wealth gap. In China, business dealings often come down to narrative. One day, a foreign bank is welcome, and its presence is seen as helping China improve its financial industry. The next day, the same enterprise could be painted as a predatory vulture. Words matter, and harmless intent or humor can be misconstrued in translation. Jamie Dimon has every right to tell a joke, but it always helps to know your audience.

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