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**Ray Dalio is wrong about
China's tech crackdown
(CNBC)**

MARKETS

Ray Dalio is wrong about China's tech crackdown, economist says

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KEY POINTS

- Billionaire investor Ray Dalio said investors are misconstruing China's regulatory clampdown on tech companies as "anti-capitalist."
- Economist George Magnus thinks Dalio is "wrong," and believes Beijing's crackdown is all about the Communist Party's lust for "control."

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MARKETS

Ray Dalio is wrong about China's tech crackdown, economist says

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<https://www.cnbc.com/2021/08/25/ray-dalio-wrong-about-china-tech-crackdown-economist-says.html>

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Ray Dalio is wrong about China's tech crackdown, economist says

- China expert **George Magnus** disagrees with Bridgewater Associates' Ray Dalio on Beijing's tech crackdown.
- In a **LinkedIn post** this month, Dalio said investors were **misconstruing a clampdown** by China on sectors **including fintech, online tutoring and food delivery** as **"anti-capitalist."**
- "The trend over the last 40 years has clearly been so **strongly toward developing a market economy** with capital markets, with entrepreneurs and capitalists becoming rich," the billionaire hedge fund manager said.
- "As a result, they've **missed out** on **what's going on** in China and probably will continue to miss out," Dalio added.
- **Magnus thinks Dalio is mistaken.** The economist, who is an associate at the University of Oxford's China Centre, told CNBC on Wednesday that Beijing's crackdown is all about the **Communist Party's** pursuit of **political "control."**

Ray Dalio is wrong about China's tech crackdown, economist says (cont'd)

- “I think **Dalio is wrong**,” Magnus told CNBC’s “Street Signs Europe.” “Obviously **he’s got a big business in China**, so he would say that, wouldn’t he?”
- Neither Dalio nor Bridgewater Associates was immediately available for comment at the time of publication.
- Dalio has made a **number of bullish comments on China** over the past year.
- In October, he **warned investors not to ignore China’s rise** as an economic superpower.
- Meanwhile, Bridgewater Associates has been **ramping up investments** into China’s stock market lately.
- And, despite China’s scrutiny of its massive tech sector, Dalio is **doubling down**.
- “Don’t misinterpret these wiggles as changes in trends, and **don’t expect** this **Chinese state-run capitalism** to be **exactly like Western capitalism**,” he said recently.
- China’s Communist Party is “basically driven to **control these tech firms** and entrepreneurs, despite the fact that they are the essence of the dynamism of China’s economy,” Magnus said.

Ray Dalio is wrong about China's tech crackdown, economist says (cont'd)

- Entrepreneurs like **Alibaba** founder Jack Ma and **Tencent** chief Pony Ma are “**supposed to support the party's goals**,” he added.
- China's move to ramp up oversight of its tech industry began last year when **comments from charismatic billionaire Ma criticizing regulators forced Ant Group**, the fintech affiliate of Alibaba, to **scrap its planned initial public offering**.
- Speculation mounted over Ma's whereabouts after **he disappeared from the public eye for months**.
- According to associates, the entrepreneur is lying low.
- In June, Alibaba co-founder Joe Tsai told CNBC Ma was “doing well” and had “taken up painting as a hobby.”

Generational divide
clashes with factions in
Japan's ruling party

POLITICS

Japan's Yoshihide Suga to resign as prime minister

Wide-open LDP leadership race expected to feature Kono, Ishiba and others



Japanese Prime Minister Yoshihide Suga tells reporters about his decision not to run in Tokyo on Sept. 3. (Phot

Nikkei staff writers

September 3, 2021 12:10 JST ● Updated on September 3, 2021 17:39 JST

POLITICS

Generational divide clashes with factions in Japan's ruling party

LDP at crossroads as young members focus on public opinion over alliances



Deputy Prime Minister Taro Aso, center, announces the merger of his faction with another LDP faction in 2017. (Photo by Taro Yokosawa)

SHUNSUKE SHIGETA, Nikkei staff writer

September 5, 2021 03:36 JST

Generational divide clashes with factions in Japan's ruling party

TOKYO -- **Factional politics** that have long **dominated Japan's ruling party** may be coming to an end as the swelling ranks of relatively new members look at **public opinion polls** rather than allegiances to choose their next leader.

Several candidates are vying to be the successor to **Prime Minister Yoshihide Suga** as the leader of the **Liberal Democratic Party**, which presumably will also mean a move to the prime minister's office given the LDP's strength in the lower house.

Generational divide clashes with factions in Japan's ruling party (cont'd)

- "We are on the cusp of some significant **generational change** inside the **LDP**," said Sheila Smith, a senior fellow for Asia Pacific studies at the Council on Foreign Relations.
- "There is a **full generation** of leadership potential **waiting for their moment**," noted Smith. "Is this the moment? The real question is not faction versus faction, but the **generational divide inside the factions**."
- Factions are **subgroups within parties** that often vote on issues and **intraparty elections** in blocs.
- They provide resources to members so they can thrive politically -- from offering campaign support to providing funds to run the offices of Diet members.
- Faction leaders also have sway in business and bureaucratic circles, which they extend to their members.

Generational divide clashes with factions in Japan's ruling party (cont'd)

- These **younger members** who have **never experienced a difficult election** became worried about Suga's low approval ratings and began pushing for another leader.
- Even in the Hosoda and Aso factions, which both backed Suga in last year's leadership race, members have said that they cannot reach a consensus on supporting him this time.
- So Suga, supported by neither the young members nor factions, really had **no choice but to step down**.
- **Kono** is mainly backed by the **younger LDP members**.
- At **58 years old**, he is a leader of a **social media savvy generation** within the party and does not head a faction.
- Taro Aso's faction, to which Kono belongs, is split on support for Kishida and Kono.

Generational divide clashes with factions in Japan's ruling party (cont'd)

- The average age of the 276 LDP **lower house members is 59**, and those **under 60 make up almost half**.
- Almost **a fifth do not belong to a faction**.
- **Several senior members** have announced **their retirement**, so the party is certain to become younger.
- About **20 three-term LDP lawmakers** in their **30s to 50s plan** to draw up recommendations this month on how to conduct the leadership election and party reforms.
- "We will **wipe away the image** that decisions are made behind closed doors, swayed by the wishes of party elders," said Tatsuo Fukuda, who belongs to the Hosoda faction.