## The autopsy of an American automaker's failed dream of making and selling jeeps in China

**ARCHIVE PICK** 

James Mann: Making Jeeps in China

## reveals much about the delusional thinking of joint ventures in the 1980s.

**JEREMIAH JENNE** — JUNE 10, 2025 **HISTORY** 

n 1983, the Detroit-based American Motors Corporation ▲ (AMC) signed a joint venture agreement to produce jeeps in

China. AMC executives had dreams of a low-cost manufacturing

hub and early access to potential Chinese automobile buyers.

 $\odot$ **P** 6  $\square$  $\ominus$ 

X

f

"Everyone salivates when they think of the China market," AMC Chairman and CEO W. Paul Tippett, Jr. told *The Wall Street* Journal at the time the deal was signed. There was (at least) one problem. The average cost of an entrylevel AMC jeep in 1983? About \$7,000. The average annual salary in the People's Republic? About \$350.

New Coke, the DeLorean and banks loaning Donald Trump money to build casinos in Atlantic City, AMC's venture stands out for its collision of bad math, divergent aspirations and intercultural misunderstandings. James Mann's account of the

In a decade that gave us questionable business decisions including

debacle, Beijing Jeep: A Case Study of Western Business in China (Touchstone Books, 1990), was an instant classic — and remains so today, as another chapter in a timeless story of Western fantasies foundering on the rocks of Chinese reality. Mann's book asks: Could \$100,000-a-year executives from nations of wealth and

A Case Study of Western Business in China JIM MANN Buy the book >

"He has the veteran journalist's eye for detail and fine

ear for anecdote. He has given us a superbly reported,

The New York Times Book Review

crisply written work."

corporations whose aim is to maximize profits join together with the industrial subunits of a socialist state geared toward maximizing output, control, and social order?

Automotive Works, had a different priority: reverse-engineer American auto technology and

jump-start China's own automobile industry, starting with an upgrade for the People's

Liberation Army's fleet of four-wheeled military vehicles. It soon became clear that both sides rushed into the partnership without fully disclosing — or even completely understanding — what they themselves wanted from the joint venture. AMC (and later Chrysler) altered their strategy when it became apparent that market conditions and economic policies, notably the restrictions on converting RMB profits to USD, disrupted their initial plans. Chinese managers at Beijing Jeep, the name of the joint venture, grew frustrated when they believed AMC officials were attempting to change the terms of the original deal.

AMC found themselves following in a long tradition

of Western delusion about the Chinese market and

the magical thinking of "if only." Charlie Brown will finally kick the football if only Lucy doesn't snatch it away this one time. Inevitably, Charlie Brown, the eternal optimist, lands flat on his back. Except in this version, Lucy then takes the football home, reverse-**Executives from American Motors Corporation and Beijing** engineers it, and starts selling cheaper footballs back Automotive Works at the signing ceremony for their joint to Charlie Brown, leading to a trade war in another 40 venture in Beijing, 1983. (凤凰网) years. Good grief, indeed.



6 American Motors Corporation found themselves following in a long tradition of Western delusion about the China market.

> at the joint venture complained about the accommodations they were provided, failing to realize that their housing options were far superior to anything their fellow Chinese executives could have imagined. Western-style accommodations that could cater to the precise whims of American executives were scarce and extremely expensive. When they first arrived in Beijing, AMC executives were also dismayed by the amount of work that needed to be done to start production. They complained about the poor state of even the

most advanced manufacturing plants in China, the casual attitude workers had toward safety

For their part, Chinese managers and workers at the plant found the Americans often tactless

in their direct communication style and ignorant of the most basic understandings of how

things worked in China, especially in Chinese enterprises. Chinese workers and executives

found the Americans to be patronizing in their tone, while the AMC team grew frustrated at

standards, and that almost every supervisor's office had a bed for what was apparently a

customary nap. This was not the way things were done in Detroit.

being lectured about how they didn't understand China.

Mann recounts an anecdote in which the American

Club, the social organization for the U.S. business

community in Beijing, sponsored a Valentine's Day

dinner at the newly opened Great Wall Hotel. The

to see who could complete the best "Roses are Red"

foreign guests and their spouses competed in a contest

verse. The winning entry was simple, direct and telling.

A wife wrote to her American businessman husband:

Opportunities to bridge the cultural divide and help close the perception gap were few, as even the most basic relationships between Chinese and foreigners were carefully managed in the 1980s. Visiting a Chinese friend or colleague at home was rare, and even visits to businesses were carefully choreographed performances staged in interchangeable conference rooms of oblong tables, with too many chairs, tea cups and paper doilies. It was even tougher for executives with families. 北京汽車製造厂和

BJ212 jeep is parked third from right, amid more modern "Roses are red, violets are blue. You brought me to offerings. (BAW Co., Ltd Facebook) China, but I still love you." But cooperation isn't always about managing cultural differences. Personalities matter too. One of the more colorful characters in Mann's story is the AMC executive Don St. Pierre. When negotiations with Chinese partners stalled over a range of issues — access to foreign exchange, operational control or what he viewed as unworkable management from Beijing Jeep's Chinese leadership — St. Pierre didn't hesitate to go public. He bypassed layers of diplomacy and

corporate etiquette, airing grievances in international media. He also recommended to AMC

Beijing Automotive Works vehicles parked outside their

new headquarters in Shandong province. The classic

importer). By the end of the decade, many of the American executives had grown increasingly doubtful about the long-term prospects of China's auto sector. They remained convinced that Chinese efforts at self-sufficiency would fail — that domestically produced cars, if fully Chinese-made, would inevitably fall behind global standards. It was commonly believed that Western knowhow would always be indispensable, and that foreign brands were in China to stay. History has proven otherwise. Today, Chinese electric vehicle makers such as BYD are preparing to storm Western markets with the kind of technological confidence that AMC

executives would have found inconceivable. The student has not become the teacher, but has

Mann describes a Beijing unrecognizable to foreigners who live and

succeeded in ways that Western executives and political leaders are struggling to comprehend.

n 1983, AMC thought it could build a bridge between Detroit and Beijing, and got a crash L course in how deep the cultural and ideological divides really ran. Forty years later, companies like Chinese battery company Gotion are <u>pursuing</u> the same dream in reverse:

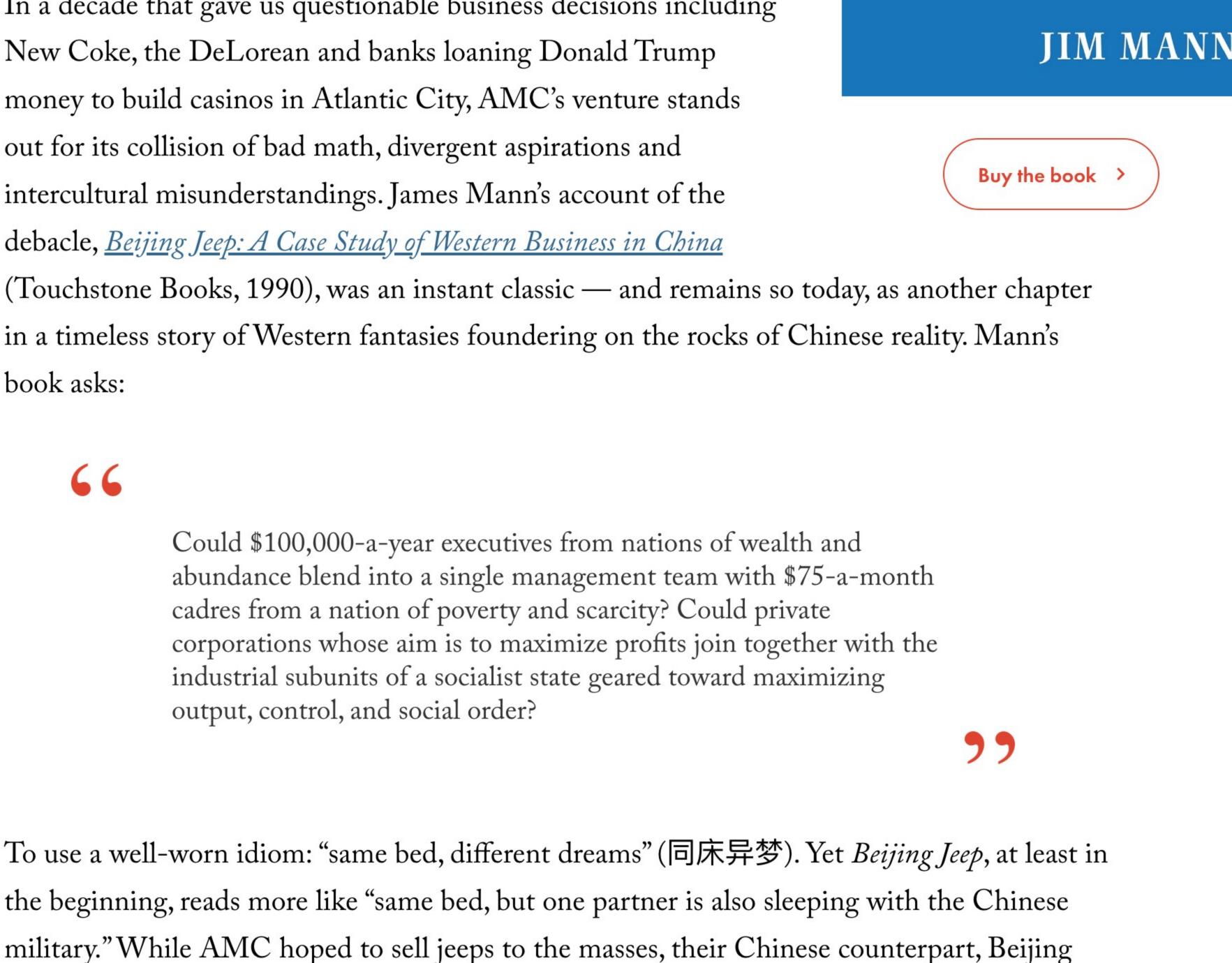
explain to skeptical locals that his company isn't part of a foreign conspiracy to destroy their way of life. Beyond the question of technical capabilities, Mann's book also examines the future political trajectory of the Chinese state itself. From his vantage point at the end of 1989, in the aftermath of the violent suppression of the Tiananmen Square demonstrations that June, Mann was skeptical about major political reform. Even if some leaders favored liberalization, he argued, the Chinese government's resistance to change would likely push China inward or toward presenting itself as a third way between capitalism and communism. As he would again in his prescient 2007 masterpiece <u>The China Fantasy: Why Capitalism Will</u>

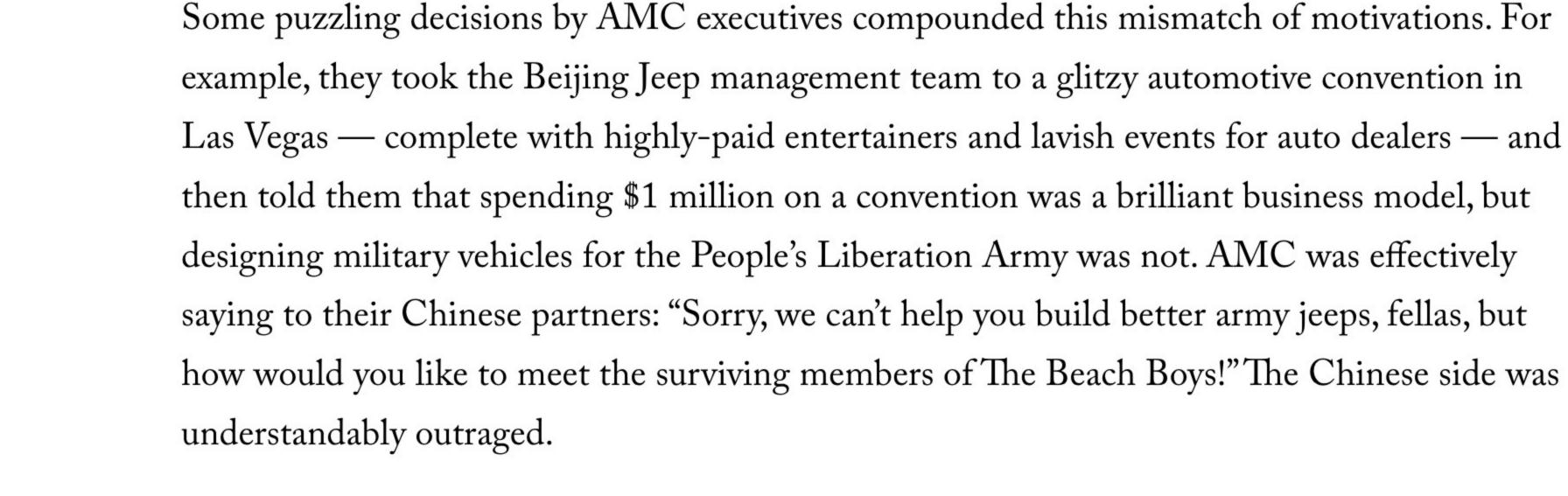
<u>public protests</u>, hyperventilating media coverage, and some poor mid-level executive trying to

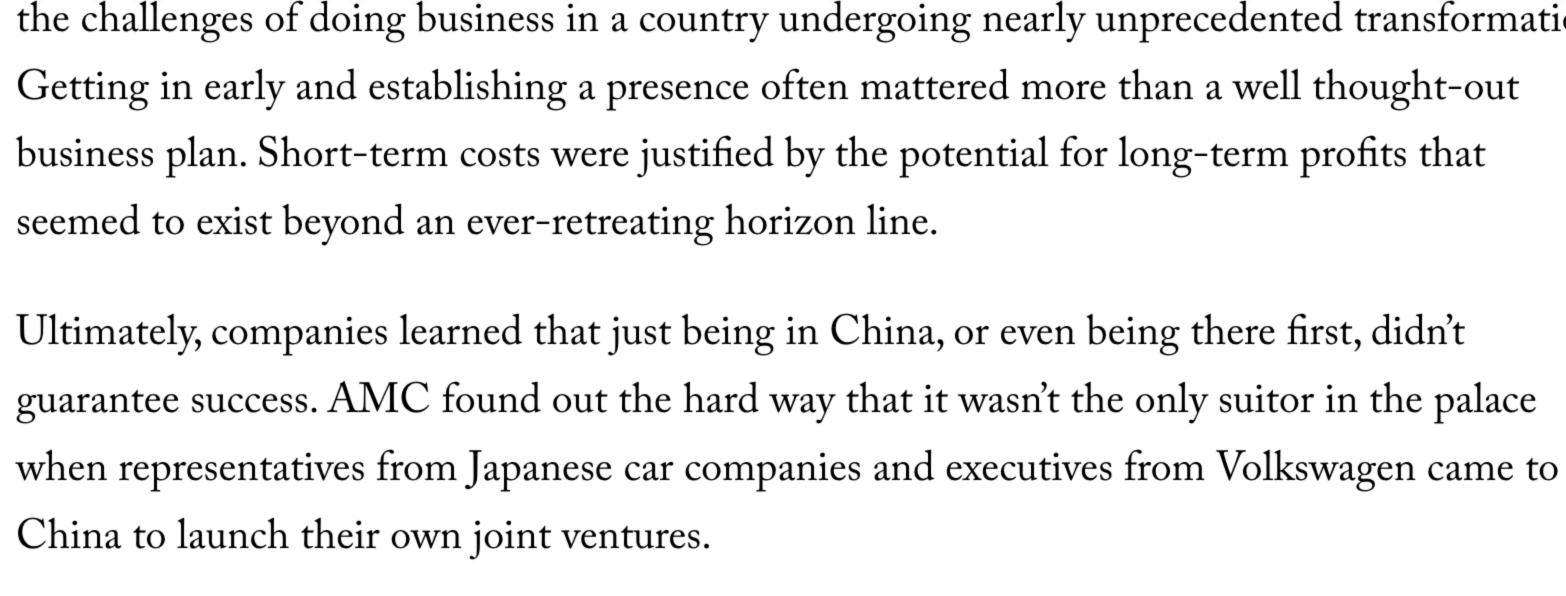
prepared for a China that was neither weak nor becoming more like them, but both strong and determined to develop in its own way. If the vast Chinese market emerged in full, it would not be captured by the Westerners who

podcast Barbarians at the Gate.

Not Bring Democracy to China, Mann concludes Beijing Jeep with a warning to Americans that



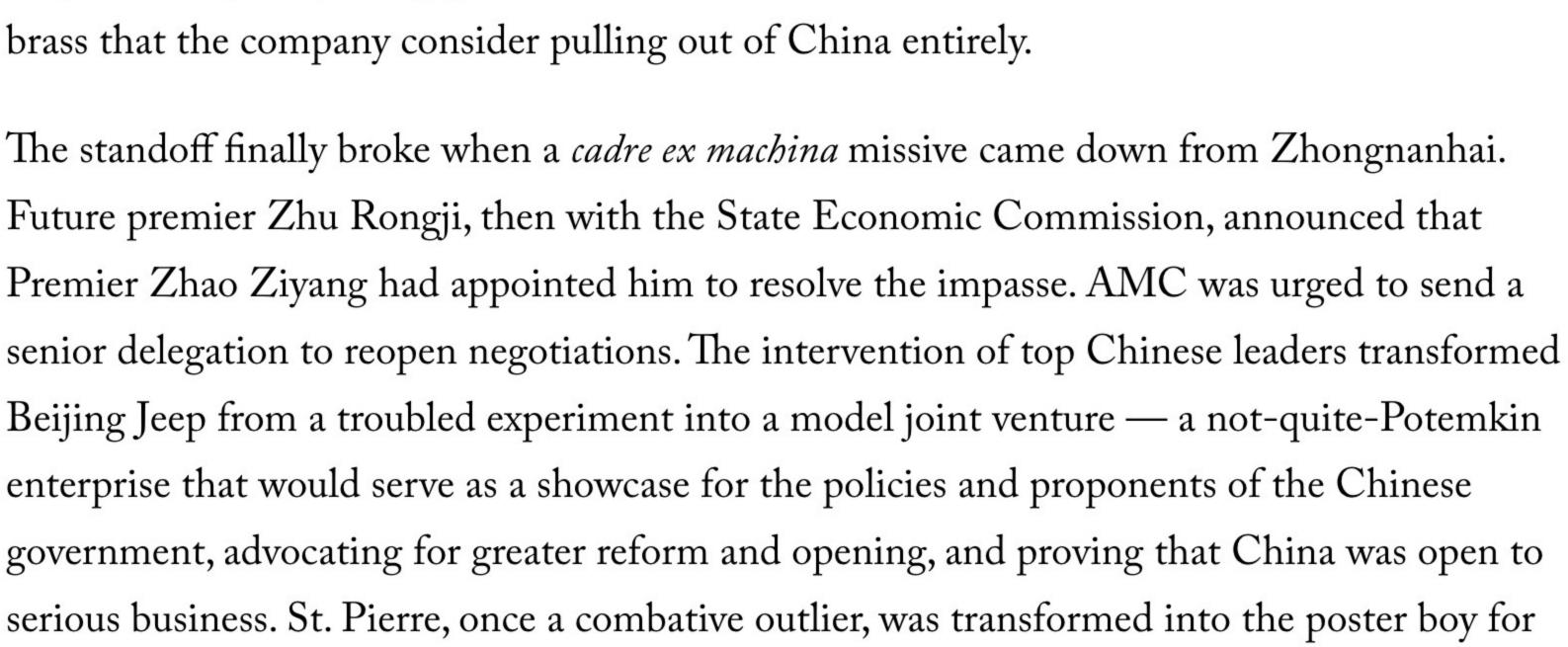


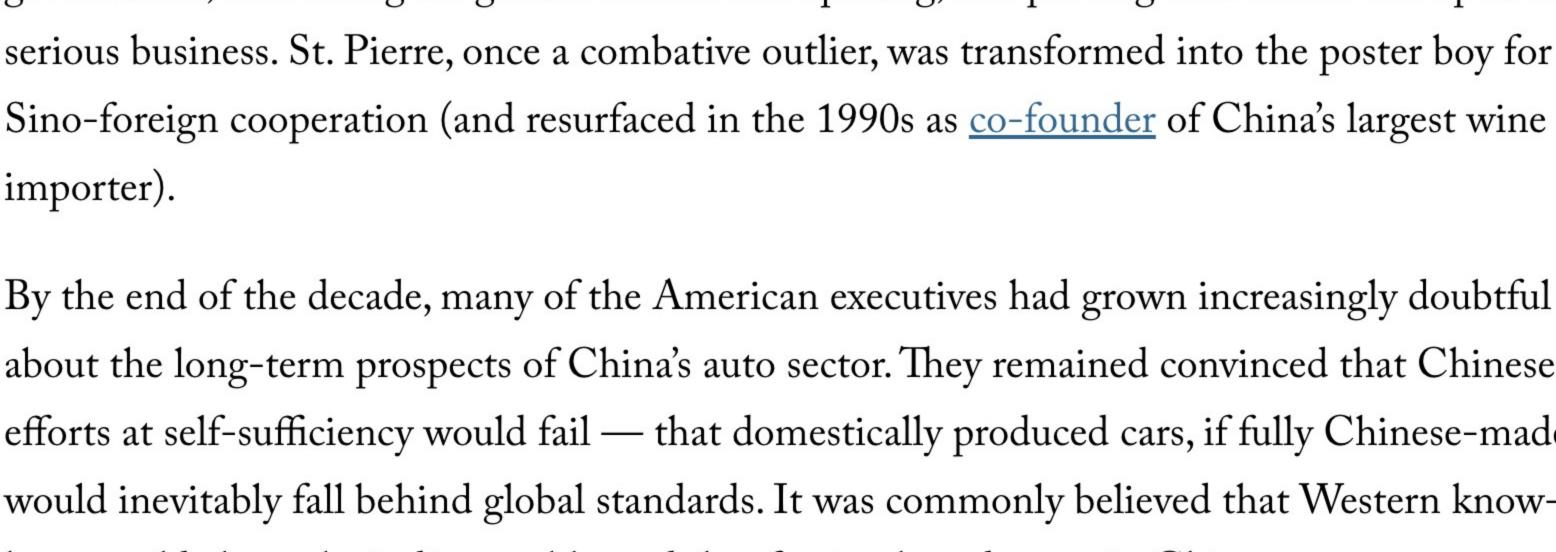


or all of its timeless lessons, *Beijing Jeep* is also a period piece. James Mann was an experienced journalist based in Beijing for *The Los Angeles Times*. He brings a reporter's immediacy to this book, alternating between the ongoing and increasingly complicated saga of AMC's joint venture with Beijing Automotive Works and contextual chapters on the social, economic and political change in China during this crucial period in the country's modern history.

Mann describes a Beijing unrecognizable to foreigners who live and work there today. In the

1980s consumer goods, especially Western products, were few and hard to come by. Westerners





building factories and chasing market share in the U.S. and other overseas markets. But like AMC before them, Chinese firms are learning that access doesn't equal acceptance. If Beijing Jeep is a 1980s tragicomedy of Western overreach, we are now living through the awkward sequel with a different cast but the same plot — replete with naïve optimism, awkward dinners,

the potential for China to change was being overestimated, and that that the U.S. should be had chased this dream for over a century. That market, Mann predicted, would belong first and



foremost to the Chinese themselves.

work there today.