



CNBC – Closing Bell

Coronavirus – China’s Mobilization

Robert Lawrence Kuhn, February 19, 2020



<https://www.cnbc.com/video/2020/02/19/how-companies-are-dealing-with-coronavirus-impact.html>

CNBC HOST: The number of confirmed Corona virus cases now stands at more than 75,000, this including twenty three in North America. The total number of deaths now topping two thousand. And companies like Adidas, Puma, Tyson Foods and Apple are all warning about the potential negative impact the virus could have on their businesses. But in Macao, some casinos are expected to reopen tomorrow.



A news anchor is shown in a studio setting. A semi-transparent box on the right side of the screen displays the following text:

LATEST DEVELOPMENTS

- Adidas, Puma, Tyson Foods, Apple warn on Coronavirus impact
- Some Macao casinos to reopen Thursday

The CNBC logo is visible in the bottom right corner of the anchor's frame.

CNBC HOST:
Let's bring in Robert Kuhn, he is longtime adviser to China's leaders and multinational corporations. He is also author of dozens of books, including How China's Leaders Think. Thanks for joining us. Good to see you again, Robert. So, what is the latest contact you've had with the Chinese leadership over the coronavirus?



ROBERT LAWRENCE KUHN: I stay in touch with them regularly. The hope is now that for 15 straight days that the number of cases reported in provinces — other than Hubei — have been declining. It started around 800, in the last few days, around 70, 80. So that's a very good sign. People are encouraged that the peak has been reached, but that is still uncertain. There are possibilities that some carriers could have very long incubation periods, as much as 24 days. So, nobody is resting on their laurels. Everybody's looking at this very seriously.



KUHN: I think in the history of global epidemics, how China has dealt with this will be looked upon as a remarkable case study.



HOST: Do you feel like the level of fear has also peaked and is coming down? What type of level of inclination to people have to go back to work?



KUHN: Well, I think that people are afraid. You see that in terms of the dramatic drop in certain industries, obviously anything having to do with transportation, airlines, trains, hotels, restaurants, gymsnasiums, movie theaters, malls — anything that has a public exposure. People are very sensitive — that's why you see the online activity and e-commerce are growing. And I suspect that that's going to be a more permanent change as people get used to that. It's a trend is current occurring anyway, but now we'll be accelerating.



KUHN: So people are taking this very, very seriously. A close friend of mine lives in a luxury development in Beijing, maybe two or three thousand people. There was one case, potential case, and they locked down the whole area to where nobody could leave there. You could only go out to the checkpoint, to get food delivered through e-commerce. So, taking it very seriously, every single case.



KUHN: It's really a remarkable situation, locking down — Wuhan with 11 million people; Hubei Province, 60 million people, literally under lockdown. Door to door checks. Mobilizing the Chinese military, the PLA, with five, six thousand medical military personnel flown in. Building the hospitals, which everybody sees, in literally 10 days.



KUHN: So, remarkable activity — although, you know, on the other side, there were informational dysfunctions at the beginning which caused the epidemic to become more serious. And the Chinese leadership has said they will learn lessons from this experience. Of course, we have to wait and see what those will be.



HOST; Right. So, I was just going to ask you... I mean, you said it would be a remarkable case study. There's room for criticism here as well, right? In terms of the transparency early on, the fact that it took so long for them to get international authorities into the country; I don't know if the CDC is even allowed in the country at this point. And I'm just wondering if you think that they're worried about a credibility issue from this, at a time where China was already weakening as a result of the U.S.-China trade dispute and also the Hong Kong protests?



KUHN:
Yeah, no question about it. And that's circulating in China as well. It's not just externally. At the beginning, clearly, local officials prevented information from being used effectively. And that's an important probe of the system.



KUHN: Because for all the things that the one-party system can do effectively — I point out always the war on poverty, where 800 million people over the last couple of decades have been brought out of poverty, 100 million in the last eight or nine years with a targeted program, a remarkable way of organizing the party at five levels of local government — provincial, municipal, county, township and village, with the central government. And you see that same thing in this activity.



KUHN: But on the other hand, that same system lends itself to where local officials are scared to do anything unless they have higher authorization. And that delay has exacerbated the epidemic.



KUHN: There was one party secretary, a mayor, of a small city in Hubei, who, on his own, saw about 30 cases and immediately put a quarantine into effect — when he had no authority to do it. And he is now looked upon as a hero because he in a sense violated the system in order to help the people.

