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INSIGHT

Calling all hands

Robert Lawrence Kuhn says Beijing's ability to contain the coronavirus should not be doubted

I take it seriously when the Standing Committee of the Politburo of the Communist Party of China, the nation's highest authority, calls the novel coronavirus pneumonia epidemic "a major test of China's system and capacity for governance" – a phrase of such significance that in my 30-plus years of watching the country, I do not recall the like.

Let me explain why I am confident – why the world should be confident – that China will overcome the epidemic. I offer three reasons: commitment, competence, and readiness to change and improve.

China's commitment to fight the coronavirus – which causes the disease now officially known as Covid-19 – is exemplified by the country's astonishing mobilisation to stop its spread. The government is issuing strict and resolute directives.

Taoran Notes, a WeChat account linked to the central government, put it this way: "Concentrated treatment and quarantine, if not implemented effectively, is at best a dereliction of duty, at worst a crime. This is not a question of willing or unwilling, should or should not, but of necessity."

The whole country is marching to this music. This is China's monumental "whole of society" commitment. In President Xi Jinping's words: mobilising the people of the whole country, the whole army, and the whole party. China's mobilisation is unprecedented in global health history. Nowhere could it work like it works in China. And the reason it works relates to how the party system works.

It is the same kind of commitment and mobilisation that the party has been using to win the battle against poverty since

around 2012, lifting the final 100 million people out of absolute poverty, coordinating party leadership and organisations at central government and five levels of local government – provincial, municipal, county, township and village. Similarities between China's war on the coronavirus and its war on poverty are striking.

China's competence to fight the virus is exemplified by the country's unremitting implementation of its commitment: locking down Wuhan, a metropolis of 11 million people, and other cities, perhaps 60 million



The government must learn lessons from the outbreak to enhance its capacity for governance

or more people; house-to-house temperature checks; the party's grid management system of social control; postponing the return to work after the Lunar New Year break of hundreds of millions of travellers.

The government has also constructed hospitals of 1,000 beds and more, literally on green fields and literally in just days; medical teams from across the country have rushed to Wuhan, including the People's Liberation Army deploying at least 3,500 medical staff; China's largest corporations, especially state-owned enterprises, are contributing to containment logistics;

and mainland scientists have rapidly sequenced the virus genome and shared the data globally.

China's readiness to change and improve is a critical part of its governance system. When I discuss the five or so primary reasons for China's remarkable development over the past four decades, I always include the party's willingness, albeit out of necessity, to admit and correct errors. Hence, in tracking this virus epic, I focus on the leadership's forthright acknowledgement of "shortcomings and deficiencies" in the country's response.

To stop the spread of virulent diseases, early action is essential. But how to develop an early warning system? The challenge is handling an avalanche of information, from diverse public and private sources and of variegated and uncertain quality.

On the one hand, who can deny that false rumours can increase anxiety and trigger panic, destabilising society? On the other hand, it has become brutally evident that suppressing information in the name of social stability can foment disaster. Early local efforts to play down the risks of the coronavirus delayed the response as contagion mushroomed.

At the beginning of the outbreak, eight doctors in Wuhan tried to alert authorities to the truth of the then unknown but fast-spreading virus, but they were reprimanded for "publishing untrue discourse on the internet". Tragically, one of them, Li Wenliang, caught the virus and died, triggering an outpouring of anger and fury on social media.

Reacting swiftly, the party's Central Committee authorised the National Supervisory Commission, the country's top

anti-corruption body, to "thoroughly investigate".

A strong, top-down system is effective at stopping rumours, especially with advanced IT technologies, but it is deficient at enabling diverse voices to surface vital truths about frontline problems early in the process. President Xi has pledged to rid the party of "formalism and bureaucratism".

A potent example is when local officials fear acting for the well-being of the people, as happened in the initial stages of the coronavirus outbreak, because they have not received directives from their superiors, and then, after they do receive directives, they overreact, because they put satisfying their superiors over caring for people.

Xi calls for "fighting the outbreak in an open and transparent manner". Transparency is the key. In fact, though there is complexity in verification, the government holds daily briefings, updating in precise geographic detail the number of new confirmed cases, deaths and recoveries.

China says it will improve its systems of information collection and feedback, error correction and decision-making. The government must learn lessons from the outbreak to enhance its capacity for governance. Self-correction, the party says, is its hallmark.

If so, future historians may well look upon China's fight against the coronavirus as a turning point in worldwide efforts to contain outbreaks of novel diseases and stop their spread, which globalisation and ubiquitous air travel has made vital. History may well thank China for pioneering how to deal with virulent contagions in a globalised world.

Robert Lawrence Kuhn, a public intellectual and international corporate strategist, won the China Reform Friendship Medal (2018)



It pays to be cautious when applying to US universities

Lorraine Tong and Court Stroud say many American institutions face an uncertain future

Many mainland students see the United States as an ideal place for college, despite the current tension between the two economic superpowers.

But students and their parents need to exercise caution. A stark demographic drop is coming for US colleges. The US high school population, which has been declining, will drop significantly by 2026. This will strain an already financially stressed industry.

In nine years, the number of US students attending college is projected to plunge by 11 per cent or 292,000. In parts of the US, such as the Northeast (Massachusetts) and Midwest (Illinois), schools are already struggling with falling enrolments due to lower US birth rates.

In the past three years, over 90 non-profit US colleges have closed, merged with other colleges or consolidated their administrations. Middlebury College, ranked seventh among liberal arts colleges in the latest US News and World Report and with a US\$1 billion endowment, eliminated nearly 150 staff positions by agreeing to be purchased to close a budget deficit.

Consulting firm EY-Parthenon predicts 800 colleges are at risk. *The College Stress Test*, by Robert Zemsky, Susan Shaman and Susan Campbell Baldrige, expects 40 per cent of four-year undergraduate schools to struggle or close.

Credit agencies Standard & Poor's and Fitch have issued negative outlooks for US higher education in the past year. Australia and Canada hold positive S&P outlooks.

Nathan Grawe, an economist at Carleton College, developed the Higher Education Demand Index, which projects college attendance for two-year, four-year and elite US universities in his book, *Demographics and Demand for Higher Education*. "The decline is a sizeable change and will impact higher ed, barring any major policy changes," Grawe says.

Every US state will face drops in college-bound students, except eight (Texas, Oklahoma, South Carolina, Colorado, Utah, Wyoming, Idaho and Montana). Every national and regional four-year and two-year school will face double-digit enrolment declines. Only the elite top 50 US colleges and universities will be insulated.

Given the risks, parents with children applying to college need to look beyond rankings, fit, or return on investment on majors when choosing schools. A struggling college focused on staying alive means uncertainty, limited resources and cuts.

Among the industry debate of "Will there be an impact?" and "Do parents need to know?", some experts are building new financial assessments on undergraduate schools.

In May, from their work with the Massachusetts Board of Education, EY-Parthenon created the "student educational resource", an assessment of a school's ability to cover the cost of educating their admitted students through to graduation.

Last November, Edmit, a college advising company, built financial

assessments looking at expenses and assets of 964 US non-profit colleges and universities. Edmit agreed not to share the data after lobbying from the industry and lawsuit threats by individual schools.

The College Stress Test, coming this month from Johns Hopkins University Press, will estimate market viability of individual four-year undergraduate schools by looking at a school's past revenue.



Given the risks, parents with children applying to college need to look beyond rankings

But international parents need to do their own homework, especially those spending a large portion of their family's annual income on tuition.

Like any investor, it will be important to look at a school's current financial condition and assess how well it is run for future viability. As a start, here are three areas and specific metrics commonly tracked by schools.

First, how good is the college at their core function(s) of teaching and/or research? If they are poorly run in key functions, they are likely to be poorly run

administratively. Look at the following for the school overall and by major/college: graduation rates, retention rates, teaching scores, number of books and articles published recently, research funding and per cent of external funding.

External funding is a quick measure on how competitive research and approaches are.

Second, how effective is the school in getting students to their goal of discovering a career, getting an advanced degree, or getting a job in their desired country?

Look at the percentage of students using career services, satisfaction rates, and the percentage of students graduating with a job or accepted to graduate school. Schools should publish these numbers so be wary of any place that does not.

Third, examine a school's annual reports, which covers financials, risks and future plans. What percentage of revenues is tuition? Are there other revenue sources/assets? How consistent is it? Is the school covering its costs? What is its future strategy and does it have specific goals and plans? Lastly, read the school newspaper, which is often the first to report on issues.

As Grawe said, "When my 17-year-old was looking at colleges this year, I found myself much more interested in college financials. It's an investment."

Lorraine Tong is a marketing strategist to Fortune 500 multinational companies and start-ups. Previously, she was the director of digital and innovation at the University of Texas at Austin. She holds an MBA from the Wharton School of the University of Pennsylvania. Court Stroud lives in New York City, where he works as a writer and consultant. He is an MBA graduate of the Harvard Business School

One overlooked fact about those cross-border trips

Bernard Chan says thousands of Hongkongers go back and forth from the mainland every day and even government critics accept we cannot just switch off flow of goods

Nearly 330 million passengers came in and out of Hong Kong in 2018 (the latest year for which we have figures). Around 250 million of these trips were overland to and from the mainland, and the rest were by air or sea to and from all over the world.

Even during slow periods, that's hundreds of thousands of arrivals and departures every day. The majority of these trips are made by Hong Kong residents. They include large numbers who live across the border and commute here every day. There are local truck drivers, local people who have retired to Guangdong and are visiting family here, and locals visiting the mainland for business or pleasure.

This is the day-to-day reality of integration between Hong Kong and the mainland.

A deep misunderstanding of this cross-border travel has become clear in recent weeks, as fears spread about the coronavirus epidemic and various groups demanded that the government essentially seal off the city from the mainland.

Some of these calls are probably politically motivated. There is also some anti-mainland sentiment, although more than 85 per cent of those crossing the border are Hongkongers who pose exactly the same health risk as mainlanders. But I am sure many people supporting this idea are sincere.

The World Health Organisation and other authorities have doubts about the effectiveness of travel bans and quarantines. Some experts think they can do more harm than good. But let's leave that aside.

It is simply not feasible for Hong Kong to completely shut its borders. Even many government critics accept that we cannot just switch off the flow of food and other goods coming in from the mainland.

There are administrative issues. To reduce passenger flow and tighten health screening, the government closed off six checkpoints with Shenzhen on January 30. Such closures have to be coordinated on both sides.

There are issues of fairness with regard to discriminating against mainland visitors: for example, it can mean keeping families apart. And, under the Basic Law, Hong Kong residents cannot be barred from entering or exiting.



The government would be failing in its duty if it overreacted and caused unnecessary alarm

On February 8, the government took far tougher measures – closing all but three checkpoints and requiring a 14-day quarantine on anyone arriving from the mainland. The result has been a massive reduction in the number of passengers coming in from the mainland. But even with far lower numbers of arrivals, the mandatory quarantine brings new problems.

Officials are struggling to find suitable sites to isolate possible infected cases, especially as local communities are resistant to the idea of a quarantine facility in their neighbourhood.

Meanwhile, critics complain that a quarantine on residents relies to some extent on an honour system. Despite the threat of legal penalties and a system of spot checks, there is no reasonable way to be totally sure such individuals stay in their homes for 14 days.

Realistically, it is difficult to see how the government could have acted very differently. As it is, the measures have caused disruption, and officials have been stretched by the quarantine.

Comparisons with Macau are misleading, as that city is far smaller than Hong Kong – but it has also not closed its border, and it also has a large workforce commuting there every day.

Most of all, we must try to keep all this in perspective. The government's measures go much further than anything we saw during Sars in 2003.

And the government would be failing in its duty if it overreacted and caused unnecessary alarm. As the panic buying of rice and toilet paper shows, some citizens are nervous enough. Imagine the impact on public morale if – for example – the government physically locked hundreds of people in their own homes. Would we see residents fleeing their estates, or thousands of expatriates packing up and leaving?

It may be tempting to use this issue as a weapon against an unpopular administration. But it is far more helpful to the community if we all stay calm and rational, and get through this crisis together.

Bernard Chan is convener of Hong Kong's Executive Council



Thousands of travellers, mostly Hongkongers, arrive at Lo Wu station before the crossing is shut. Photo: AFP