

Governance is the real weakness in China

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There is an old expression: “What you can’t see can’t hurt you.” I was reminded of it as I read an article about China’s response to the coronavirus. The article documents the shortcomings in how China has responded to the crisis.

As detailed in the article, medical supplies sit in warehouses, while medical personnel who are treating the ill do not even have what they need to keep themselves safe. Often, the needed medical supplies are manufactured in China; however, a combination of bureaucracy and lack of trust causes the products to be shipped overseas and then shipped back to China.

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Many of the institutions and organizations that are part of governance here and that we take for granted in the US, eg American Red Cross, FEMA, churches and donations from individuals and companies, do not exist in China. The source of the problems reflects a leadership that is paranoid of any entity that could get between the government and the people.

When combined with a pervasive and almost total control over communication, where one level of government does not share information with another, and where what information is shared is censored, almost nobody really understands what is happening and what information that is shared is not trusted. The lack of trust exists both outside and

inside China. Basically, no one in China understands the situation.

A country with good governance is transparent and has an established system for honesty, as well as efficient, orderly markets. Good governance requires legal, regulatory, financial and economic infrastructure. Much of Western Europe, Canada and the US take good governance for granted, whereas China is lacking in all of these areas.

There have been comparisons in the press between the coronavirus epidemic and Chernobyl in the old Soviet Union. While the nuclear disaster in Chernobyl was much worse, there is a similarity, a result of weak governance and a dearth of quality information. As with a virus, radiation cannot be seen, yet both can kill.

Opacity from pervasive secrecy in the Soviet Union hid information and knowledge; many in the Soviet Union, including those with a monumental need to know, did not see important information, contributing to the root cause of the accident. In turn, it prevented more rapid and effective responses, caused delays in evacuating personnel and resulted in many more deaths than it might have. Literally, the lack of information nearly resulted in a far greater catastrophe. In 2006, former general secretary

Mikhail Gorbachev said Chernobyl was the reason for the fall of the Soviet Union. More than 30 years after the collapse of the Soviet Union, Russia still has weak governance; it ranks 42nd out of the 49 investible countries of the world.

Opacity is a problem everywhere. The US has had, and still has, its cover-ups and corruption. That said, the US has better governance, along with many institutions that provide help in stabilizing a difficult situation. China has lots of opacity, weak governance and a paranoid leadership that won’t allow the stabilizing institutions to exist.

Will this coronavirus epidemic cause a major change in China? How much trust in the Chinese government has been lost through this experience? How does the leadership respond to the issues? Will people see real change? Time will tell.

The coronavirus has dramatically shown the lack of good governance in China. At least so far, it does not look as though it will have the same impact as did Chernobyl. It is unlikely to cause a comparable change in governance.

Hopefully, the Chinese leadership will realize that such strict controls over communication are detrimental to the country’s future. Further, China should resume the path of governance improvements that ended in 2017 when unrest, trade and other topics became priorities.

For the sake of the more than a billion citizens, let us hope that the leaders become more enlightened. ☺

