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China versus the US in the Pandemic Crisis: The State-People Nexus Confronting Systemic Challenges

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Abstract

The control of the COVID-19 crisis requires strong and rapid actions of each nation-state, but multiple facets of the ineffectiveness have been exposed so far. This paper seeks to characterise and assess the handling of the public health emergency in China and the United States. The exposition focuses on the governance structures and state-people dynamics of the two countries, drawing on the framework of “exit, voice, and loyalty” developed by Albert Hirschman. The paper concludes that the Chinese “tough model” appears to have facilitated a virtuous circle of the state-people interaction, whereas the US “loose model” has led to a vicious circle.

Keywords: coronavirus, systemic challenges, governance, state-people relationship, comparative political economy.

JEL classification: H12, I18, P16.

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1. Introduction

As of 20 June 2020, five months after China confirmed the outbreak of COVID-19 and approximately 100 days after the World Health Organization (WHO) declared it a pandemic, the number of confirmed infections worldwide exceeded nine million and the number of deaths approached half a million. There was no sign of the pandemic subsiding. The number of daily new cases continued to border 160,000, while the number of daily deaths was close to 50,000. No doubt, this is an “once in a century” pandemic for the humankind.

China and the United States of America occupy special positions in the pandemic. China is the first country to have discovered and reported the outbreak of the coronavirus. Its response to the initial outbreak has remained a topic of controversy. The measures which it subsequently used to cope with the pandemic were drastic, making it an exemplar of the “tough models” adopted by various societies mostly in East Asia.

The US appeared to be an exemplar of the “loose models” of coping with the pandemic. It was basically in a state of inaction for almost two months after the outbreak, believing or claiming that COVID-19 would be confined to East Asia. When the epidemic did subsequently prevail in its territories, the US’s response was erratic. Testing, tracing and social distancing practices were slow to catch up. The lockdown measures were then largely loosened whilst the epidemic was still in full swing. This loosening, coupled with the nationwide anti-racist protests that were to some extent ascribable to the political economy of the response to the coronavirus crisis, result in the resurgence of the epidemic. By early July, the number of daily infections hit the record of more than 60,000. The US is clearly the greatest casualty of the pandemic among all countries, and it looks most likely to remain so in the future.

These two contrasting models are not just a matter of policy choice. They might reflect deeper differences between the two countries in their respective governance structures, and, ultimately, their political-economic formations. Much has been said by commentators about the efficacy, or otherwise, of the policy measures. Amid the unfolding of the pandemic crisis, attempts to make sense of the policies by relating them to governance structures have also been undertaken by scholars. These attempts are necessary for further clarifying the nature of the basic political-economic formations, that is, the state-people nexus and its dynamics of change. And such clarification is necessary not only for appraising the responses to the pandemic crisis so far, but also for the projection of the future prospects for China, the

US, and the rest of the world, in the face of the fallouts of the crisis that are no less than systemic challenges in the medium-to-long term.

This paper seeks to contribute to the literature by endeavouring yet another appraisal of the anti-crisis policies, analysis of the governance structures, and characterisation of the political-economic formations of China and the US, respectively. The endeavour is meant to be more systematic than existing works which are mostly brief commentaries. The appraisal-analysis-characterisation will draw on the framework of “exit, voice, and loyalty”, developed by economist Albert Hirschman for governance studies. With this endeavour, the strength and limitation of China’s centralised governance structure, as well as those of the decentralised structure of the US, can hopefully be clarified. This being the case, some essential judgements can be made concerning the comparison between the competing governance, and political-economic, “models” of the two countries.

2. The Epidemic Strikes: The Balance Sheets

Regarding the casualties of the coronavirus epidemic, hitherto, the US has suffered the greatest among all countries. It has the largest number of confirmed infections, and the largest number of deaths. As of 1 July 2020, the numbers were close to 2.78 million and 0.13 million, respectively. These account for 25.8 per cent and 25.3 per cent, respectively, of the world totals. In contrast, China, the epicentre of COVID-19 in the early months of its occurrences, had much smaller numbers: 83534 confirmed infections and 4634 deaths, as of 1 July 2020. Put another way, the US’s number of infections and deaths was 33 times and 28 times, respectively, of China’s (Table 1).

[Table 1]

The contrast between China and the US can only be sharpened if it is adjusted for the difference between the two countries in terms of population size, where China’s is 4.35 times of the US’s. Such adjustment seems reasonable, for, in principle, every individual on planet Earth is equally vulnerable to the epidemic and a bigger population community is bound to face a higher risk. With this adjustment, the scale of infections and deaths in the US would then become 145 times and 132 times, respectively, of that in China. Correspondingly, putting the comparison in the broader context, China’s number of confirmed infections and deaths per million population is 0.04 and 0.05 times, respectively, of the world average. The

US's number of confirmed infections and deaths per million population is 6.06 and 5.94 times, respectively, of the world average.

A further adjustment can be made to take into consideration of the difference in income levels. Again, such adjustment seems reasonable for the inter-country comparison, as income levels reflect the material conditions that are available to different countries for fighting the epidemic. It is expected that a country with a higher income level should, proportionately, come out with lower rates of infections and deaths per million population. In this connection, perhaps the most relevant indicator of income levels is per-capita Gross National Income measured at purchasing power parity. Regarding this indicator, and according to World Bank data, China's was 24 per cent of the US's in 2018. The implication, then, is that the US's rate of confirmed infections could be 603 times of China's, and the rate of deaths 548 times, if the adjustment for the difference in income levels is made.

These indications of comparative performance seem rather anomalous, especially in view of the difference between China and the US in terms of their overall material conditions. In the *Global Health Security Index* report (GHS Index 2019) published by a consortium of international institutions in October 2019, the 193 countries of the world are ranked according to how well they are prepared for health emergencies (preparedness is constituted by the six aspects of prevention, detection and reporting, rapid response, health system, compliance with international norms, and risk environment). The US received an overall score of 83.5, which ranks it top of any other country. China was ranked the 51st, with a score of 48.2. In general, rich countries score high – the average of high-income countries is 51.9, compared with the world average of 40.2. In this light, the underperformance of the US in the response to the coronavirus epidemic suggests that it is more likely due to institutional deficiency than insufficiency in its material conditions.

A crucial element of the material conditions concerned is testing. In all circumstances, testing is the necessary first step for medicating, tracing, social distancing, and therefore controlling the epidemic. Given that the crisis has been far more serious in the US, it would be expected that the US must have carried out testing on a bigger scale than China. Such was not the case. Unlike many other countries including the US, China has not regularly disclosed the number of tests performed in the country. The latest it has disclosed, concerning Polymerase Chain Reaction (PCR) tests, reveals that the cumulative number was 90 million as of 22 June. As of that day, the cumulative number of tests in the US was slightly below 30

million. Balancing out the adjustments for differences in population sizes and income levels, the scale of testing in China is found to be 2.9 times that in the US.

The difference in the scales of testing reflects the different approaches adopted by China and the US in response to the epidemic. As will be described and analysed below in the paper, what China has adopted is a “tough model” where suppressing the epidemic is the top priority of the state and the society. In contrast, what the US has adopted is a “loose model” where controlling the epidemic is just one, and not really the prioritised one, of a mix of objectives of both the state and the society. The premature “re-opening” of the economy in May is a clear sign of this approach. In the event, whether it was the persistence of the first wave or the emergence of a second wave, the epidemic in the US seemed to be running out of control by late June. In contrast to the bell-shaped curve that depicts the evolution of the scale of the epidemic in China (and in the European Union region) within a duration of two months or so, the curve for the US rather tends to continue to move upward after more than three months (Figure 1). This is horrifying for the US, and it threatens to prolong the global pandemic.

[Figure 1]

What about the cost arising from the two contrasting “models”, and the associated performances of fighting the epidemic? It would be expected that China, with its much tougher measures of lockdowns, must have paid a dearer price than the US. This does not seem true, at least in terms of economic cost both immediately and over the medium-to-long term. The social cost, meanwhile, is more complex.

The difference in economic costs is partially attributed to the difference of time when the pandemic breaks out. It also reflects the resilience of the economy and the effectiveness of the policies regarding virus containment and economic recovery. According to the estimation of the US Bureau of Economic Analysis, Gross Domestic Product (GDP) growth rate in the first quarter is -5 per cent, while corporate profits declined by 12.3 per cent compared with the last quarter in 2019.¹ China suffered a greater loss in the first quarter as the country was in the lockdown half of the time. Its GDP was down by 9.8 per cent in the first quarter compared with the preceding one, and the profit of industrial enterprises declined 36.7 per cent compared with that of the first quarter in 2019.² The unemployment rate in China was always higher than that of the US from January to March, with the highest of 5.9 per cent and 4.4 per cent for China and the US, respectively, in March.

The Chinese economy rebounded rapidly when its engine re-started. Industrial profitability started to improve from April, with the rate of decrease narrowing significantly by 30.6 percentage points from March. The growth rate of industrial profits turned from negative in January-April to positive in May.³ In comparison, the economic situation in the US continued to worsen. The unemployment rate soared to 14.7 per cent in April, reaching the highest level post-World War II.⁴ Although there is yet no official data for American corporate profits, it would be reasonable to expect a significant decrease in profits due to the severity of the coronavirus and the dismal unemployment situation.

Over and above the comparison between China and the US in the immediate economic cost, the outlooks for the two countries are also different. In its April 2020 *World Economic Outlook*, the International Monetary Fund (IMF) predicted that GDP growth in China would be 1.2 per cent in 2020 (the lowest rate for more than 40 years) and 9.2 per cent in 2021. The prediction for the US is -5.9 per cent and 4.7 per cent, respectively. By June 2020, the IMF adjusted downward its predictions. For China, GDP growth rate is predicted to be 1.0 per cent in 2020 (but still the fastest among all countries in the world) and 8.2 per cent in 2021. For the US, the prediction is -8.0 per cent and 4.5 per cent, respectively.⁵ The outlook for China is somewhat uncertain, and the prediction could be adjusted upward or downward later. In comparison, the outlook for the US is unlikely to improve in view of the worsening epidemic it confronts. The prediction for the US, therefore, is likely to continue to be adjusted downward in the months to come.

Turning to the social cost incurred in fighting the epidemic, insofar as contact tracing and social distancing are needed, there is the immediate issue concerning individual freedom and privacy. It is especially in this respect that China's response to the epidemic, in the very tough form of comprehensive lockdowns, has been severely criticised. This criticism exists mainly outside rather than inside the country. For, ultimately, striking a fine balance between these individual rights and the collective values of fighting the epidemic is needed. The issue of the social cost is thus intrinsically related to the broader context of the collective-individual, and hence state-people, relationship, both in China and in the US.

In China, containing the coronavirus has been the unanimous goal of the governments at all-levels. It has become a top political priority. This goal has been concretised to become specific tasks allocated to lower-level authorities, indeed down to the grassroot level of urban neighbourhoods or suburban villages. In this connection, contact tracing and social distancing have been exceedingly strict, for ensuring that no single suspicious case could escape the

radar of the system. This has been particularly true in “super-infectious” cases, and for people returned from overseas. Conceivably, during this process, there were many cases of excessiveness in the conduct of grassroots-level officials and their assistants, causing resentment from people that have been offended. Still, on the whole, there does not seem to have emerged anti-state, anti-establishment feelings of a significant scale.

The US situation seems to have been fundamentally different. The balance has tended to tip to individual rights far more than collective values. Contact tracing has been rare. Lockdowns have faced strong opposition. There were actually protests against lockdowns across some states from the latter part of May onward. Perhaps even more profound were the nationwide anti-racist protests arising from the “George Floyd affair”, which entail many mass gatherings. Both of these protests exhibited a strong anti-state, anti-establishment character. And, irrespective of their courses, they must have seriously disrupted the efforts of contact tracing and social distancing. The massive rebound in the daily new cases of infections from mid-June onward, which indicate not just the persistence but rather the worsening of the epidemic, appears to be related to these disrupting effects.

3. Governance and Response to COVID-19: The China “Tough Model”

Albert Hirschman, in his acclaimed book *Exit, Voice and Loyalty* states that “no matter how well a society’s basic institutions are devised, failures of some actors to live up to the behaviour which is expected of them are bound to occur, if only for all kinds of accidental reasons”. This proposition concerns possible disruptive actions of the relevant agents vis-à-vis the institutions. It should be understood in connection with a further, supplementary proposition, concerning the corrective actions of the institutions vis-à-vis the agents: “Each society learns to live with a certain amount of dysfunctional or misbehaviour; but lest the misbehaviours feed on itself and lead to general decay, society must be able to marshal from within itself forces which will make as many of the faltering actors as possible revert to the behaviour required for its proper functioning” (Hirschman 1970, 1).

These two propositions can serve as pointers towards analysing and assessing the experiences of China, the US, and other countries in their responses to the epidemic crisis. With the emphasis on “accidental reasons” in the first proposition and “learning” in the second, their relevance to China is most evident. After all, COVID-19 was as an “unexpected unknown” when it first came out. The Chinese state officials concerned were put to test in

their handling of the outbreak. The interaction between these agents and the relevant institutions, which was typical of a bureaucratic process, did not perform well in the initial phase – resulting in negligence and inaction. Once COVID-19 became an “expected unknown”, the corrective capability of the institutions began to function. Given that the coronavirus was still at best a “quasi-known”, the corrective actions could only take the toughest form of social distancing: the lockdown of an increasing number of cities, and subsequently the entire urban China, which entailed restricting every citizen to mostly stay at home. The lockdown last for more than two months, starting from Wuhan city on 23 January 2020.

The timeline of the coronavirus outbreak in China has been contested, but there are some major nodes that are sufficiently clear. Critics of China’s initial handling of the outbreak typically point to two incidences of possible mishandling by the relevant local authorities: the Wuhan municipal government and the Hubei provincial government (Wuhan is the provincial capital of Hubei).

- First, in the later part of December 2019, the local authorities, in the face of a steady increase in the number of atypical pneumonia cases, sent a couple of samples to some scientific research institutes, instead of the Chinese Center for Disease Control and Prevention (China CDC), for testing. By not following the legal requirement that such testing ought to be carried out within the system of the China CDC, the local authorities seemed to intentionally mishandle the matters. It is thus alleged that this act indicates that the local authorities tended to downplay the seriousness of the outbreak, for the sake of trying to minimise possible disruptions to local economic and social activities (Hua 2020).
- Second, in the crucial period from the 6th to the 17th of January 2020, announcements by the Wuhan City Health Commission (WCHC) repeatedly claimed that no single new case was found. This claim did not live up to the actual situation, and it was at any rate bizarre. It was precisely during this period that the Wuhan municipality and the Hubei province held the annual sessions of their respective People’s Congress and the People’s Political Consultative Conference. Inevitably, this coincidence has led to the suspicion of deliberate concealments by the local authorities, for the sake of smoothly running the political activities (Yunsheng *et al.* 2020).

From these two incidences, it seems reasonable to judge that, insomuch as there was indeed some degrees of mishandling of the coronavirus outbreak, the local authorities must

take the blame. Critics can move on to verify why the local authorities behaved like this, and they typically point to the deeper problem of China's highly centralised political system, where bottom-up (rather than top-down) accountability is said to be the essential character (Milanovic 2020a; Xu 2020; Zhou 2020). In other words, the critics claim, local authorities in China by nature tend to ignore, or even suppress, the "voices" from the grassroots. The buzz over the "Li Wenliang affair" can be seen as culmination of this claim.

Meanwhile, there also exist alternative views where the blame concerning possible mishandling of the outbreak is put on the National Health Commission (NHC) and its affiliate China CDC, rather than the local authorities. At the institutional level, it has been clarified that disease control and prevention in China is governed by the principle of power decentralisation rather than centralisation. The relevant legal arrangement, stipulated in the *Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases*, is such that the power of deciding quarantines and lockdowns rests on "governments of county-and-above levels" (Article 25 and 26). The proviso for the exercise of such power is that the decisions need to be based on scientific advices from the system of the NHC. In this light, there were two important nodes in the timeline.

- The expert team of the NHC first arrived at Wuhan on 31 December 2019 to carry out on-site investigation, one day after the WCHC issued the *Urgent Notice on Treatment of Patients with Pneumonia of Unknown Cause* (four days after a local hospital first reported cases of atypical pneumonia to Wuhan's CDC). The NHC and China CDC systems were involved in the investigation early on. Yet, subsequently on the 3rd, 5th, and 11th January 2020, the WCHC repeatedly announced that there was no evidence of human-to-human transmission or members of healthcare personnel being infected. Only by 14 January that the WCHC announced that human-to-human transmission cannot be ruled out, and by 20 January that the NHC confirmed transmissibility (Laotian 2020a; Chinese State Council 2020).
- From 31 December 2019 until 18 January 2020, the NHC used a combination of three standards for verifying coronavirus cases: have symptoms of fever, have contact history with the Huanan Seafood Market (the place suspected as the origin of COVID-19), and PCR test positive. This practice did not agree with the observations of frontline doctors in Wuhan. Based on their on-site knowledge, the doctors suggested that CT ground-glass opacity findings are sufficient to confirm the cases. Yet, their suggestions reported to the NHC were not accepted. The result was a gross

underestimation of the scale of the epidemic, and the official claim of no new cases for eleven days until 17 January (Laotian 2020a, 2020b). Thereafter, with the development and expansion in the production of PCR diagnostic reagents, mass testing became increasingly possible. The true scale of the epidemic became clear.

The alternative views associated with these observations implicate possible mishandling on the part of NHC professionals, rather than local bureaucrats. Just like the bureaucrats, the professionals seemed to have ignored the “voices” from the frontline. Insofar as the mishandling was real, it was a failure of the governance structures far more than of the agents. The failure could be ascribed to the principle of upward accountability that governs the working of the NHC system.

What is the significance of the possible mishandling – be it negligence or concealment, by the local bureaucrats or by the NHC professionals? To what extent can the actual outbreak, and subsequent calamities, be attributed to the possible mishandling? There have been politically-motivated critics who take the extreme position of claiming that, had there been no mishandling, “the danger of an epidemic might have been nipped in the bud” (FIB 2020). This position has been shared by a wide variety of commentators across the political spectrum. More specifically, there is the concern over the time lost due to mishandling. Some critics have assumed that the counter-factual statement below is the reality: “(if only travel bans and contact reductions) could have been conducted one week, two weeks, or three weeks earlier in China, cases could have been reduced by 66 per cent, 86 per cent, and 95 per cent, respectively, and significantly reduce the number of affected areas” (Au 2020).

There are two fundamental problems with these claims. The first concerns their dubious scientific basis. COVID-19 was an “unexpected unknown” when it first emerged, and, inevitably, time was needed for agents and institutions to learn to know it. The development and production of test kits also took time. Irrespective of possible delays caused by excessive bureaucratism and/or professionalism, there is a parallel process shown in the timeline – of scientific investigations, and government actions undertaken accordingly – which looks reasonable (Chinese State Council 2020):

- The first case reported to the system of public authorities on 27 December 2019;
- The first NHC investigation team arrived at Wuhan on 31 December 2019, and the WCHC announced its first public alert on the same day;

- China CDC succeeded in isolating the first novel coronavirus strain on 7 January 2020;
- The initial version of test kits was made available, and was applied to test relevant cases admitted to hospitals in Wuhan, on 10 January;
- Hubei authorities began to step up body temperature monitoring at ports and stations, and to reduce crowded gatherings, on 13 January;
- The optimisation of the PCR diagnostic reagents was completed, and Wuhan began to screen all relevant patients in local hospitals, on 16 January;
- An expert team from the NHC determined that the new coronavirus was spreading between humans, on 19 January.

This timeline shows a process of scientific learning and capability-building, which some commentators have judged to be unprecedentedly fast in world history in the confirmation of an unknown pathogen (Yiqun 2020a). It was only with the availability of the PCR diagnostic reagents, from 16 January, that large-scale testing (of up to 1000 cases in the next four days) was possible. It was only with large-scale testing that conjectures over the transmission rate, and the death rate, had the necessary scientific basis – although the precise mechanisms of transmission have remained unclear, as was witnessed in the mini-outbreak in Beijing in June. Ultimately, it was only with sufficiently-founded conjectures that decisions over the enforcement of relevant policy measures, strong enough to combat the epidemic, could be made up.

The second problem with the claims by hostile critics is their overlooking of the cost of adopting measures to combat the epidemic early on. To enforce travel bans and contact reductions on a city of more than 11 million people, and a province of almost 60 million, the economic and social cost must be huge. The need for preparedness, especially in terms of the capabilities of the healthcare system and the uninterrupted supplies of necessities for the residents, can only be enormous. There was a real danger of panic runs on healthcare, and on logistics, if the authorities enforced drastic measures such as travel bans and contact reductions. The authorities conceivably needed to strike a balance between the benefit (of containing the epidemic) and the cost, and precisely what was the right balance could only be informed by scientific knowledge that was in the process of formation (Laotian 2020c; Yiqun 2020a, 2020b).

The danger turned real when the Wuhan lockdown was finally imposed on 23 January. In the first week of the lockdown, there were panic runs on healthcare, resulting in hospitals being over-crowded and hence the escalation of cross-infections. The situation with necessities supply was equally dreadful due to the breakdown in logistics. By this time, however, the cost-benefit balance had become clear. Research findings revealed that the transmission and death rates were very high. Fast approaching was the Spring Festival travel season, the largest annual human migration in the world, which would certainly exponentially increase the danger of transmission across the country. The implementation of the lockdown in Wuhan and subsequently in many parts of China, then, was an outcome forced upon the authorities as well as a decision based on rational calculations.

With hindsight, one can assess China's handling of the epidemic outbreak with more reasons and less sentiments. It doesn't seem reasonable to ascribe the actual calamities to mishandling. Inasmuch as there was mishandling, it was due to the institutions far more than the agents. Bureaucratism on the part of local authorities and professionalism on the part of the NHC system were intrinsic of China's governance structures. Bureaucratism is professionalism of a different form, as local authorities normally need to obey the imperative of basing their actions on the cost-benefit balance. Professionalism is bureaucratism of a different form, as the NHC system must obey existing rules in its investigations of the epidemic. Both have the instinct to ignore the "voices" from grassroot sources. This instinct could lead to fundamental failures in the face of the outbreak of an "unexpected unknown".

These said, one must not overlook the advantages of China's professionalism-oriented, top-down governance structures altogether. These structures are a manifestation of the basic political system that is highly centralised. Once the epidemic albeit still a "quasi-known" became expected, drastic policy measures in the form of the all-out lockdown were quick to apply by the system. There followed all kinds of state-led efforts both to contain the epidemic, and to mitigate the economic fallouts and the adverse impacts on people's livelihood. There was the national mobilisation of healthcare resources, and systems of logistics, to support Wuhan. Testing and medicating for free were extended to everyone in China. State-owned enterprises were ordered to expand the production and supply of protective equipment for healthcare personnel and ordinary citizens. There was the very fast construction of specialised hospitals for critical patients, and mobile cabin hospitals for the much larger number of non-critical patients (instead of asking them to stay at home which could infect other family members).

There should be no dispute that the successful containment of the coronavirus, after almost two months of lockdowns, was mainly achieved by the functioning of the governance structures and their underlying political system in China. Taking into account of the drawbacks of the system in the earlier phase, one needs to go deeper to dissect the nature of this system, not least for projecting how it would work to cope with further challenges from the pandemic crisis in the future. This dissection will be carried out below.

4. Governance and Response to COVID-19: The US “Loose Model”

US government and social responses to the epidemic crisis should also be scrutinised in light of the two propositions pertaining to the framework of “exit, voice, and loyalty”. The public health emergency caused by the coronavirus is a test for state capacity, as well as state-people relationship. From the first proposition, the “accidental reasons” refer to an “unexpected unknown” in China in January, but they were “expected” and “quasi-known” in the US case when the epidemic did emerge in March. Between January and March, the US federal government squandered mainly on politicising the coronavirus while paying little efforts for preparing to combat it. Facing these “dysfunction and misbehaviour” by the agents, according to the second proposition, the US institutions should then play their corrective role. From the beginning up until July, however, there was little evidence of improvements on the part of the federal government in dealing with the public health crisis.

Among US institutions, the one that must take the blame is Trump Administration, or indeed President Trump himself, who ignored and side-lined the professionals in epidemiology, trusting only his tiny coterie (Luce 2020). Even earlier than Chinese ordinary people, White House was warned by US intelligence agencies that a “cataclysmic” and “out-of-control” contagion was sweeping Wuhan (Goodman and Schulkin 2020). After then, the White House received countless warnings from various agencies about the severity of the virus. Several senior officials, including Centre for Disease Control and Prevention (CDC) Director Robert Redfield, Health and Human Services (HHS) Secretary Alex Azar and National Institute of Allergy and Infectious Diseases (NIAID) Director Anthony Fauci, formed a “task force”, but the federal government and Mr. President continued to downgrade it.

The President did little to prevent the “expected quasi-known” from happening when there was still plenty of time. There had been nearly two months prior to the major outbreak

that occurred in the US in mid-March, since the first case was reported in the US on 22 January, before Wuhan was locked down. During this period, the federal government did almost nothing except issuing several travel bans regarding people who had been to China, Iran and epicentres in Europe two weeks prior their scheduled visit to the US. President Trump claimed on Twitter that the virus was “totally under control” on the 22 January when Wuhan had not been locked down and China had not had a clear clue of what it was and how it was supposed to be dealt with. Nevertheless, there was no thorough plans and preparations for the possible outbreak, let alone actions on promoting the capability of testing, contact tracing or social distancing.

If the timeline was extended to a larger scale, one could observe that the US president at times even turned the “expected” into the “unexpected”. As early as January 2017, Obama Administration walked the Trump team through a series of pandemic scenarios for the purpose of familiarising the latter with “domestic incident management policy and practices” (Toosi *et al.* 2020). Not only did he not adopt the strategy that was in his predecessor’s playbook, but President Trump also started to cut the funding for pandemic-preparedness in 2017, which was luckily rejected on a bipartisan basis (Goodman and Schulkin 2020). However, since 2018, President Trump signed several bills to cut the funding for CDC and also proposed to cut the global health budget, about which a number of officials were concerned. He also removed the top officials for pandemic response and reduced the size of the global health security team in May 2018 (*ibid*).

President Trump’s behaviour during the crisis implicates the wrong direction that he has been running. Instead of paying efforts to make the public health system sounder and more reliable, he and his Administration cut the power of the crucial department, leaving the country in a situation where it was underprepared and vulnerable in the public health crisis. The institutional dysfunction and misbehaviour went even further. The main endeavour of Trump Administration pursued was to blame others and make its people looking away from its own mishandling. Therefore, China and the World Health Organization (WHO) were both targeted, and the lack of co-operation with other authorities and professionals made things worse.

- Without any evidence of the origin of the virus, Trump Administration kept referring the coronavirus as the “Wuhan virus” and/or “China virus” to stir up hatred towards China. By June and July, Trump still did not abandon using such slanderous labels, and once again claiming the COVID-19 as “Chinavirus” on his twitter and calling it “Kung Flu” in

his re-election campaign rally in Tulsa, Oklahoma. Instead of adopting the professional advice from WHO and domestic experts, President Trump himself and his Administration provided several irresponsible medical recommendations for the people, such as injecting disinfectant and taking Hydroxychloroquine, accusing WHO of being China-centric, and announcing that the US would quit the WHO.

- The federal government not only failed to mobilise the medical supplies and staff to the epidemic centres but also undermined the authority of state governments and professionals, such as CDC experts and WHO officials. When the medical staff urged the government to provide support on their personal protective equipment (PPE), President Trump even called the PPE shortage in New York “fake news”. After clarifying the president’s wrong medical recommendations, Dr. Fauci then disappeared from the White House daily briefings.

The sluggish and inefficient responses finally dragged the government to an even more embarrassing and dangerous edge, where the soaring unemployment and the high death toll panicked the mass. The anger and anxiety were accumulating in the society, and finally exploded when the people became desperate.

From the perspective of the people, they could respond to the malfunctioning of the institutions and the misbehaviour of the state agents by either “exiting” or “voicing”. But “exit” is not an option in the case of people versus their home countries as they have nowhere else to go, especially in the context of a global pandemic. “Voice”, then, becomes the only option available. In the theory of Hirschman, “(‘voice’ is) any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to a higher authority with the intention to forcing a change in management, or through various types of actions and protests, including those that are meant to mobilize public opinion” (1970, 30). Moreover, the theory goes, “(‘voice’) has long been an article of faith of political theory that the proper functioning of the democracy requires a maximally alert, active and vocal public” (Hirschman 1970, 31-32).

In the particular context of the coronavirus epidemic, the product is virus containment, and “voice” concerns people’s words and actions towards federal government’s poor handling. With the prevalence of social media, it does not always take people onto the street for protest as being “voicing”. Any massive discussion on the internet was one form of “voice”. There has been an ocean of criticism and analysis on Trump Administration’s

wrongdoings on various media forms, as well as all kinds of polling to gather people's opinions on his action on dealing with the coronavirus. It is unlikely that the White House did not hear the voice out there, especially during the critical re-election time. Additionally, as the president who tweeted the most, President Trump himself is unlikely to be unaware of people's voice.

Resenting the social distancing policy and similar virus-containment measures, a considerable number of people went onto the street to press the state governments to reopen the economy. Strikingly, the President responded by tweeting "LIBERATE MINNESOTA" "LIBERATE MICHIGAN" and "LIBERATE VIRGINIA, and save your great 2nd Amendment. It is under siege". He simply instigated the anger of people while the state governments were busy at repeating their standing on sticking to the social distancing rule until the situation per se allows the restart of the economy. Instead of reassuring people and backing up governors, President contradicted and undermined the authority of local governments, sending mixed signals to people and making the already "loose model" even more confusing.

"Voice", as a "mechanism of recuperation", "has the function of alerting a firm or organization to its failings" (Hirschman 1970, 3 and 33). The government should respond and must respond. "It must then give management, old or new, some time to respond to the pressures that have been brought to bear on it" (Hirschman 1970,33). Trump Administration and the federal government had a great amount of time to respond and improve the situation. Yet, nothing was heard back from the White House other than scrambling the medical supplies with local governments. As a result, the national health situation continued to worsen and so was the unemployment and the whole economy.

There should not be any disagreement that the mishandling of the coronavirus is a failure on the part of Trump Administration. The question is: to what extent, the failure of the Administration, the agent of US political institutions, reflects the failure of the institutions? Or, why did the institutions lose their corrective capability on their agent's misbehaviour? Virus containment requires the nation acting strongly and consistently, including the restriction of people's activities. It also requires the nation promptly mobilising personnel and supplies to the critical areas. Yet, in the decentralised US institutional arrangements, neither the state governments nor the federal government have the sufficient power to do so.

In contrast to China's centralised power structures, the US decentralised structures might have prevented the delay that caused by bureaucratism, but they also undermined

professionalism. It has been persistent that during the epidemic President Trump gave misleading medical recommendations, as opposed to professional advices from experts. Mr Trump himself has the power to appoint or to remove members of his administrative staff. The coterie formed with his followers, rather than professionals, was truly toxic and problematic. Consequently, the “loose model” employed by US institutions costs dear both economically and socially. There was never a peak for the US daily confirmed cases in the first major outbreak, and it created another spike in late June and early July. The actual performance gives little optimism for successfully combatting the epidemic.

5. From Governance to Political Economy: Towards a Conception

By late April, when the number of infections both in the EU and in the US exceeded a million, the term “China’s Chernobyl moment”, which had been in vogue in the previous months among Western commentators and political activists, seemed to completely lose its currency. This term, although not discernibly being used inside China, can be judged to also reflect a crisis of trust in a significant part of the Chinese society. Yet, contrary to the claim that the currency lost of the term being caused by heightened state censorship or brainwashing (Zhang 2020), what seems far more important is the contrast between China and the West (particularly the US) in the actual performance of containing the epidemic. Indeed, in the arena of propaganda warfare, another Soviet-related pejorative term “China’s Sputnik moment” came out instead. This term shows admitting, reluctantly, China’s superior performance, while also warning that celebrating the superiority is premature (Milanovic 2020b).

The prematurity claim is both politically and intellectually motivated. This claim is deeply rooted in the cognitive frameworks of mainstream ideologies and social sciences, in the form of the “democracy versus authoritarianism” dichotomy. Francis Fukuyama (2020) asserts: “it is wrong to hold up the CCP’s [the Communist Party of China] totalitarian approach in dealing with the virus as a model to be emulated by other countries.” Likewise, Daron Acemoglu (2020) depicts a worrying “China-lite” scenario that could turn true in the West: “in times of deep uncertainty, when there is a need for high-level coordination and leadership, many people’s first instinct is to turn once again to Hobbesian solutions.” In a more intellectual tone, Branko Milanovic (2020b) asserts: “the Soviet Union’s Sputnik moment proved fleeting, and so might China’s, if the other side [the US] chooses to tap into

its significant advantages, such as flexibility of decision-making, accountability of local governments, and transparency.”

To appraise these assertions, and to explore for possible alternatives to their cognitive frameworks, one can start by attempting a more systematic conception of issues of governance along the line of the options of “exit, voice, and loyalty” discussed in the preceding sections. Theoretically, “exit” entails pure market relationships that are arm’s-length in nature and can be set up or terminated any time at will by either side of the trading parties. The premise of the relationships is that the product being traded is well-defined and clear to both sides. “Voice” and “loyalty” entail long-term relationships, which are necessary if the product in question is idiosyncratic in nature. There is a fine difference between these latter two options, though. The “voice” relationships are still market exchange. They are necessary to safeguard the exchange, in the circumstances where information incompleteness or asymmetry could fundamentally undermine the exchange. The “loyalty” relationships imply that the problem with defining the product is one of lacking knowledge, rather than information. Information exists objectively, while knowledge is the outcome of acquisition via learning – and learning by collective efforts. Hence, co-operation, as opposed to competition, is necessary for yielding the desirable outcomes.⁶

In the case of the matters under discussion, the “product” refers to government actions for combating the coronavirus crisis. These actions necessarily confront great uncertainties that are insufficiency in knowledge, given the fact that COVID-19 (its transmission and death rates as well as its precise mechanisms of transmission) has hitherto been an “unknown”, or at best a “quasi-known”. To effectively combat the epidemic, it requires co-operation, and therefore active interaction, between the state and the people.

Institutional economist Chenggang Xu (2020) and organisational sociologist Xueguang Zhou (2020) both highlight the importance of the “voice” option in their criticism of China’s response to the coronavirus outbreak. This criticism seems to have elements of truth, in view of the early mishandling by local authorities and/or NHC professionals described above. Yet, these elements cannot be the main truth, as the critics clearly ignore the “unexpected unknown” nature of the epidemic in its initial outbreak. More important, by passing on the blame from the governance structures to the basic political-economic system, the critics face difficulty of explaining China’s subsequent success in containing the epidemic. The critics seem to share the same cognitive frameworks as scholars such as Fukuyama, Acemoglu, and the like, of characterising the Chinese system as merely

“authoritarian”. They tend to perceive the Chinese authorities of super-imposing drastic measures on the people. In contrast, Chinese New Left scholars such as Wang Hui (2020) and Wei Nanzhi (2020) rather contend that China’s efforts of combating the coronavirus epidemic have involved the active co-operation between the state and the people. Without the co-operation, the drastic measures initiated by the state would not have been effectively implemented, let alone achieving the objectives. The revolutionary tradition of the “People’s War” has been said to be in action.

Milanovic (2020b), sticking to the “democracy versus authoritarianism” dichotomy, has drawn the opposite conclusion. By praising the “flexibility” of the governance structures and basic political-economic system of the US, he seems to believe that the “exit” option is probably better for combating the epidemic. Conceptually, “exit”, or market relationships, are characterised by flexibility, as opposed to the rigidity of the long-term relationships of “voice” or “loyalty”. In the face of the epidemic as an objective existence entailing compulsoriness for individuals, rather than an ordinary good or service where individuals are free to choose, flexibility could be a disadvantage rather than an advantage. It requires compulsory measures underpinned by long-term relationships between the state and the people, and indeed active co-operation between the two sides, for coping with the epidemic as a “quasi-known”. Yet, what has actually happened in the US is the predominance of the “exit” options exercised by both the state and individuals – existing from the endeavours of combating the epidemic. The activism of both the federal and state governments have been far from adequate, while the general public has been far from co-operative. The anti-lockdown protests in May were vivid demonstrations of exiting from the endeavours. The anti-racist protests in June inevitably had adverse effects on the endeavours. In the end, the state and individuals both seem to give up. The US seems to destine towards a peculiar “herd immunity”, one that is in the unknown about when vaccines will turn up and how the coronavirus will mutate.

Fearing that liberal democracies are losing out to authoritarianism in the coronavirus crisis, Fukuyama (2020) makes the following appeal: “Before we can think about changing China, we need to change the United States and try to restore its position as a global beacon of liberal democratic values around the world.” But how to achieve it? David Stasavage seeks to provide an answer (2020): “There are several paths that we could take in response to this crisis, and only one of them is desirable – strengthening the federal government by first making investments to reduce distrust among the citizenry”. This indicates recognising the

importance of the state-people relationship, as a cognitive framework that is alternative to the “democracy versus authoritarianism” dichotomy. Whatever the precise contents of a desirable state-people relationship, trust is at the centre of it. In this light, it seems clear that, thus far, the state-people interaction has formed a virtuous circle in China in combating the epidemic crisis, whereas that in the US has formed a vicious circle. The comparative performance has had fundamental subversive implications for the “democracy versus authoritarianism” dichotomy.

6. Conclusions

By comparing the “tough model” of China and the “loose model” in the US, it has been found that the different actions and policies towards virus containment are the reflections of their governance structures and political-economic formations. The bottom-up accountability which is embedded in the centralised Chinese political system would inevitably cause inefficiency and even mistakes on certain occasions, most typically, on the “unexpected and unknowns”. But once the decay is noticed, it would be also quick to adjust the mishandling with massive ability to mobilise the economic and social resources for dealing with the crisis. In contrast, the decentralised political system in the US indeed would avoid the delay caused by bureaucratism, but the lack of co-operation and consistency between the state governments and the federal government made the US pay extremely high in both economic and social terms.

In terms of the state-people relationship, the government listened and responded to the “voice” from the grassroots and China’s “tough model” does not rule out the possibility of self-improvement. Therefore, a virtuous cycle between the state and people has formed afterwards. Surprisingly, the “loose model” tolerates the federal government’s ignorance of people’s voices, damaging the long-term co-operative relationship between the state and people, leading to a vicious cycle. This outcome subverts the long-existing framework of authoritarianism versus democracy in the literature.

However, it is not to say that the China model would always outperform that of the US. It only signals the turning from China’s “Chernobyl moment” to its “Sputnik moment”. Nor is the “China Model” easily applicable to other countries. Each nation-state needs to listen to the voices from all layers of society and responds by self-improving to, ultimately,

develop the loyalty between the state and the people to form a healthy and co-operative long-term relationship.

Notes

1. US GDP data from <https://www.bea.gov/news/2020/gross-domestic-product-1st-quarter-2020-third-estimate-corporate-profits-1st-quarter-2020>; profitability data from <https://www.bea.gov/data/income-saving/corporate-profits>
2. Chinese GDP data from http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739602.html; profitability data from http://www.stats.gov.cn/tjsj/zxfb/202004/t20200427_1741735.html
3. Data from http://www.stats.gov.cn/tjsj/sjjd/202005/t20200527_1748219.html, and http://www.stats.gov.cn/tjsj/sjjd/202006/t20200628_1770630.html
4. Data from <https://fred.stlouisfed.org/series/UNRATE>
5. See <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020> for the IMF prediction in April 2020, and <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020> for the adjusted prediction in June.
6. Cunningham *et al.* (2020) highlights the importance of focusing on governance, rather than “democracy versus authoritarianism”, for understanding the state-people interaction in China. Lo (2020) provides an illustrative discussion of the “exit, voice, and loyalty” theoretical framework, and applies it to the analysis of Chinese political economy.

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Table 1. Confirmed cases and deaths of COVID-19 as of 1 July 2020

	China	US	World	China/World	US/World	US/China	US/China adjusted for income levels
Total cases	83534	2779953	10795162	0.77%	25.75%	33	
Total cases/per m population	58	8398	1385	0.04	6.06	145	603
Total deaths	4634	130798	518058	0.89%	25.25%	28	
Total deaths/per m population	3	395	67	0.05	5.94	132	548

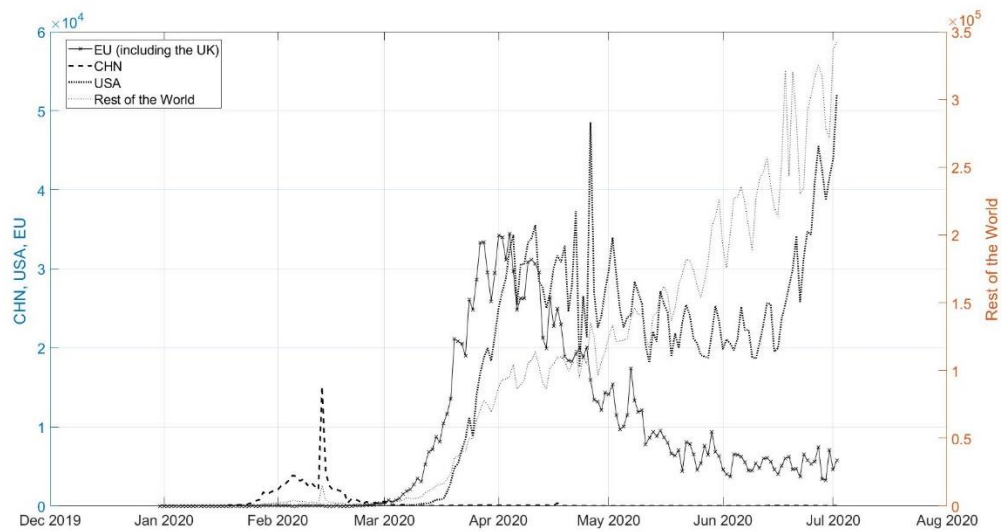
Sources: <https://www.worldometers.info/coronavirus/>, accessed on 2 July 2020.

Note: According to World Bank, *World Development Indicators*

(<https://databank.worldbank.org/reports.aspx?source=world-development-indicators>,

accessed 16 June 2020), for the year 2018, the Gross National Income per capita at purchasing power parity (current international US dollar) was 15320 for China and 63780 for the US.

Figure 1. Daily confirmed cases in China, United States, European Union (including the UK) and the rest of the world, 31 December 2019 – 3 July 2020.



Source: *OurWorldInData.org*. <https://github.com/owid/covid-19-data/tree/master/public/data>, accessed on 2 July 2020.