

An education is not earned in exams, but in the service of our values and sense of purpose in life, writes Harry Lewis

# Inquiring minds

**A**s a regular visitor from an American university, I find a network of paradoxes in Hong Kong education. Americans are proud of their higher education system for the role it has played in national prosperity and in the global progress of science. They understand why other nations turn to the American university system as a model.

At the same time, Americans fear that Chinese brainpower will overtake them in this century. Global science and mathematics testing show that American primary and secondary education is in decline. Americans were already terrified to think that there are a thousand Chinese smart enough to be at the "one in a million" level. And then Amy Chua explained to us that we are failing our own children because we are gutless wimps as parents. We took little solace from the

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Chinese mothers on both sides of the Pacific who protested that the "tiger mum" was an exaggerated caricature.

Higher education in China itself, no longer satisfied with its old lockstep, is facing significant changes. In Hong Kong, the shift from three-year to four-year undergraduate degree programmes opens space for "general education", rather than just one more year of specialised, pre-professional education. But why would students waste time on general studies when they could instead outpace the competition in the race to achieve in their chosen field? Who would want to be broadly but more shallowly educated when they could instead become highly skilled? The rewards, after all, go to the experts and the top performers.

For more than a century, American universities have cyclically discovered, forgotten, and rediscovered the importance of general education. Terrified at being eclipsed economically, Americans are today beset with another bout of forgetfulness.

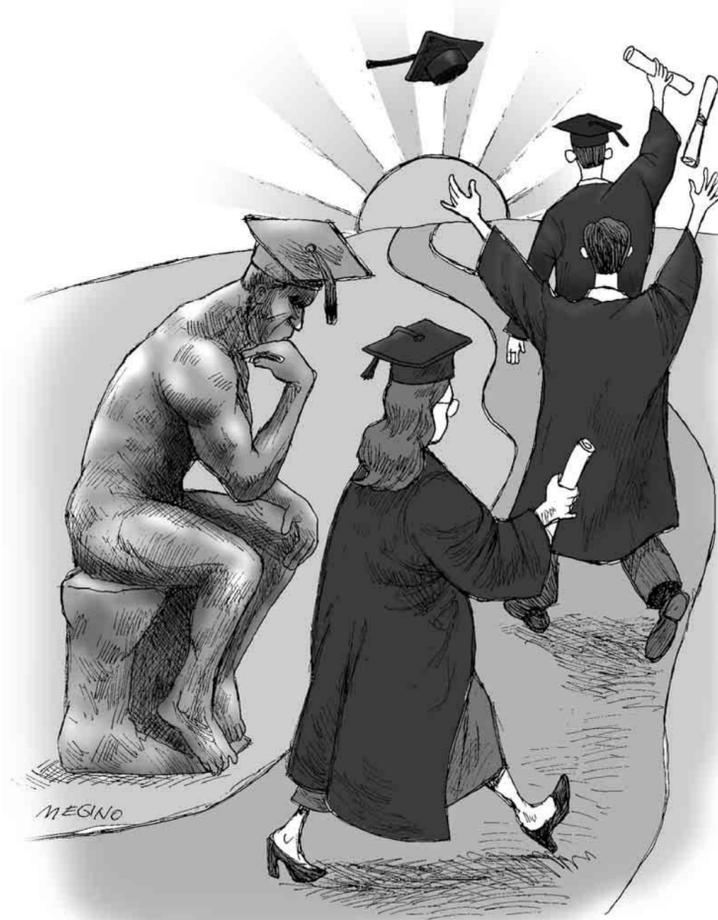
The metaphors I have used are

misleading. The human mind has no geometric area, to be configured tall and skinny or short and wide. Writing a century ago, after observing the first cycle of undergraduate professionalisation, a Harvard president wrote that a good university does not content itself with the production of "hermits, each imprisoned in the cell of his own intellectual pursuits".

If not experts in varied fields, then what should universities be producing? Expertise is transitory and, in the 21st century, so are careers. No skill set will be useful for a lifetime. But something else will be. Graduates should have a sense of purpose, for their own lives and for the society of which they are citizens and for the world as a whole. Being educated comes with a responsibility to other people and to the future, not just to oneself and to the here and now. A good education has a moral vector that cannot be learnt through repetition and memorisation. Education is, in fact, in the words of James Bryant Conant, "what is left after all that has been learnt is forgotten" – values and ideals and a love of learning that inform a graduate's entire life.

A Harvard graduate wrote to me recently about his education. He had studied environmental science and policy at Harvard and, now back home in Asia, he described what in his education had been most important. Layered through the science, engineering and political science courses he had taken, he wrote, ran a "normative argument": that there were ways to be responsible for the future of the earth, and ways to be irresponsible. This student learned something no extra physics course could have taught him: how to be a citizen and a future leader, and how the art of co-operation sometimes dominates competitive achievements.

While Americans are rightly alarmed by the decline in their children's exam scores compared to those of Asian children, I am less sure about the significance of exam scores in universities. Many of my top students have gone on to be top professors, but the two very top students I ever taught, each ranked No 1 in his graduating class of over 1,500 students, have left barely a fingerprint on the world. By contrast, the two students I have taught who have had the most impact on the world both dropped out of Harvard shortly after taking my computer science course. One, Bill Gates, founded Microsoft; the other, Mark Zuckerberg, founded Facebook. What distinguished them was not so much their academic prowess as their capacity to be simultaneously eager to learn and sceptical of what they were being taught. Both were bright but irreverent, in



ways that did not sit well with every one of their professors and deans.

American universities, at their best, are like philosophical and somewhat indulgent parents. They believe they have important knowledge and ideals to pass along to the next generation. But they are also humble about their ability to see where the future lies. Universities are the bows that launch the arrows, but these arrows have minds of their own.

Americans, anxious over economic competition, sometimes lose sight of the youthful imagination from which their

prosperity sprang. Perhaps Hong Kong, as it thoughtfully incorporates a more liberal perspective into an exam-driven educational tradition, can avoid repeating these mistakes.

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## A class apart

**W**e can't put a price on education, and we certainly can't measure value for money, the way we do for other goods, when it comes to providing high-quality education for our children. The fee rises by the English Schools Foundation (ESF) have become a subject of perennial debate and never-ending tug of war between school management and parents.

Parents have been told to expect a further monthly fee rise of up to 4 per cent from September, in addition to the new HK\$25,000 capital levy. The ESF says the increases are necessary to fund a pay rise for teachers to keep salaries competitive and for the continuing expansion and improvement of services and equipment, as well as to counter inflation. The ESF board of governors is expected to make a decision next month.

Parents have vehemently opposed the proposed increases, which will bring secondary school fees at the government-subsidised schools close to HK\$100,000 per child per year. They are asking for a freeze in fees and the scrapping of the HK\$25,000 refundable capital levy.

Since the 2004-05 school year, fees for ESF primary schools have risen to HK\$61,000 from HK\$47,300 – a 29 per cent increase. Secondary school fees have gone up by 19 per cent to HK\$93,500.

Parents object to the increases as they believe the ESF should contribute to the city's educational development with the provision of good and affordable education. They argue that the foundation has a significant role to play in maintaining Hong Kong's status as an international city by nurturing the next generation.

Their argument is only partially correct. We can't deny that, as an advanced city and a global financial centre, Hong Kong must maintain its competitive edge by nurturing talent to compete on the international stage. In the process of producing talent to boost our capability as a knowledge-based society, we must invest abundantly in education.

But we get what we pay for, and if we want to become the best of the best, we must be willing to pay top dollar for it. As the cliché goes, there are no free lunches. If someone has to pay for it, the question is, who?

ESF schools should be treated like the other local schools that come under the Direct Subsidy Scheme. Yet, the government subvention to the ESF was capped a decade ago and has been declining since. The figure now stands at HK\$283 million a year.

We shouldn't forget that about 70 per cent of ESF students are locals while the remainder come from expatriate families. If local students at other local institutions receive an annual government subsidy of HK\$30,000 per student, why shouldn't local ESF students be given the same financial aid?

It could easily be done because the system is already in place and the funds are available. It would certainly lessen the financial burden for many middle-class families.

Another point worth noting is that it is unfair for parents to block the pay rise. They should remember that the local currency is pegged to the US dollar, and the majority of ESF teachers are not from the US, but from Britain and Australia. So, in order to counter the depreciation of exchange rates against the Hong Kong dollar, the only viable option is to adjust their salaries upwards to make up for the currency difference.

It's rather baffling to see that government subventions for ESF students have been diminishing over the past few years while funding for aided local schools has been on the rise. The ESF and local schools co-exist in the same system and complement each other, so there is no reason the foundation should be given a smaller slice of the pie.

Continuing investment in education is essential, and providing quality education is vital to a city's long-term development and capacity-building. A correct and encompassing approach is to provide equal resources to schools and educational projects, to achieve the goal of offering quality education for all.

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## Voices: Economy

# A test of our post-crisis resolve

Andrew Sheng

The Year of the Tiger in 1998, a Chinese-zodiac cycle ago, was an unforgettable year for Asians. The more recent one was also a year of drama. In its last days, we saw regime change in Tunisia and mass demonstrations for change in Egypt. But even so, from the perspective of investors, 2010 was quite a year of recovery, thanks to Uncle Ben Bernanke and his printing machine.

The newly arrived Year of the Rabbit – a zodiac sign governed by the Chinese element of wood – comes in a metal year. This means that we may expect some of the tiger volatility to remain. I'll not try to predict what the year will bring, but instead use the Lunar New Year to reflect on an important publication that reviews the lessons to be learned from the financial crisis.

On January 27, after 18 months of hard work, the US Financial Crisis Inquiry Commission finally published its report, with more appendices to come. This is an important historical document, because it was based on comprehensive evidence called by the commission on almost all the major players in the crisis. And the facts are more astonishing than fiction.

The report lists the usual suspects to blame: the crisis was due to human fault, with widespread failures in financial regulation and supervision; failures of corporate governance and risk management at systematically important financial institutions; excessive borrowing, risky investments and lack of transparency put the system at risk; the government was ill-prepared to manage a crisis, and there was a systemic breakdown in accountability and ethics.

The trigger of the crisis, it says, was poor mortgage-lending standards and securitisation, with over-the-counter derivatives and rating agency failures contributing to the crisis.

This official document is elegantly written, richly filled with quotes from the insightful to the rude. It rightly seeks to "expose the facts, identify responsibility, unravel myths, and help us understand how the crisis could have been avoided". Despite some who tried to argue that no one could have foreseen or prevented the crisis, the report says: "The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire. The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand, and manage evolving risks within a system essential to the well-being of the American public. There was a big miss, not a stumble."

Even though the report commends the principal actors for doing their best to manage an incredibly complex crisis, it does "not accept the view that regulators lacked the power to protect the financial system".

It says: "They had ample power in many arenas and they chose not to use it. To give just three examples: the Securities and Exchange Commission could have required more capital and halted risky practices at the big investment banks. It did not. The Federal Reserve Bank of New York and other regulators could have clamped down on Citigroup's excesses in the run-up to the crisis. They did not. Policymakers and regulators could have stopped the runaway mortgage securitisation train. They did not."

Why did these regulators not act?

"Too often, they lacked the political will – in a political and ideological environment that constrained it – as well as the fortitude to critically challenge the institutions and the entire system they were entrusted to oversee," the report says.

Unfortunately, the report was split along partisan lines. All four Republican members on the panel rejected the findings.

In a joint dissent, three of them said they thought that the report was too broad and rejected as too simplistic a view that a lack of regulation had caused the crisis. On the contrary, they took the view that too much regulation could have been at fault. They said the report

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ignored the global nature of the crisis and argued that the search for causes should look beyond the housing bubble to the credit bubble, and others. The fourth Republican, Peter Wallison of the American Enterprise Institute, identified US government housing policies as the major contributor to the crisis.

The complexity of the crisis and its causes will give rise to more debate in the years to come. The majority view of the report was correct in concluding that the crisis was avoidable. However, the dissenters were also correct in saying that the majority view was partial, by not putting the crisis in its global context.

Indeed, I feel that a serious omission of the report was not to point out that mainstream economic theory had failed to provide a holistic and system-wide view of the financial system and its vulnerabilities, but instead encouraged policymakers and regulators to focus on partial analysis and silo-based views that inevitably missed the big picture.

Economists are beginning to address their profession's deficiencies and ethics, not least at the recent annual meetings of the American Economic Association.

The former presidential economic adviser, Larry Summers, had the most graphic description of the causes and trigger of the crisis. He likened the financial crisis to a forest fire and the mortgage meltdown to a cigarette butt thrown into a very dry forest. Was the cigarette butt the cause of the forest fire, he asked, or was it the tinder-dry condition of the forest?

The real question is, who was supposed to look after the forest in the first place?

And now that we know who is responsible for the financial crisis, how is it that no one seems to be accountable for what went wrong?

The tiger has roared. Now we want to see if the response is that of a rabbit. Kung hei fat choi to all readers.

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## Voices: China

# The fragility of autocrats

Stephen Vines

How stable and confident is a nation that prevents internet users searching for the words "Egypt" and "Tunisia"? In democracies, no one feels the need to block news from North Africa, but in China the government won't allow people to know what's going on. This is hardly surprising, because what autocracies fear most is contagion from popular movements.

They fear contagion because while confidently asserting that their regimes will last forever, in their heart of hearts, autocrats are aware of the fragility of governments that have no mechanism for change aside from popular revolt.

Dictatorships tend to end with astonishing speed. The entire Soviet bloc disintegrated in a couple of years but its component parts fell much more quickly. Arguably the most repressive dictatorship in Eastern Europe, the Albanian regime of Enver Hoxha, which seemed to have total control, was swept away in remarkably short order by people who had never known democracy but latched on to developments in neighbouring countries.

China, we are repeatedly told, is different. Apparently, water flows in another direction on the mainland, and the entire experience of human history has no relevance to the Chinese people. You can almost hear the weary old clichés being wheeled out with the ghoulish predictability of knowing the outcome of a crash the split second before it happens.

First up is the idiotic assertion that Chinese people are uniquely uninterested in politics. There's a glimmer of truth here in as much as, like the mass of people everywhere

in the world, the Chinese are basically uninterested in politics most of the time but can become very interested at specific moments. The Chinese Communist Party should perhaps look to its own history to see how it managed to mobilise millions of people for political purposes.

Secondly, the Chinese are said to be different because they crave stability above all else. Again it should be stressed that the desire for stability is hardly a singular Chinese characteristic. Throughout the world, people prefer what they know and what they are used to as opposed to the uncertainties of change. Yet there comes a time when the familiar is no longer acceptable.

This is why many millions of Chinese people uproot themselves and travel around the nation and beyond for a better life, and this is why the Chinese have embraced the ending of the command economy with such fervour, plunging into hitherto unknown forms of speculation to try their luck in the capitalist system. These are not the hallmarks of a people resistant to change.

It is the very pace of this economic development and the material benefits that have resulted which produces the third clichéd explanation of why China is uniquely immune to regime change. It is argued that this is the only one-party state that has brought prosperity to its people and continues to deliver the economic goods. Let us set aside the obvious fallacy that economic growth can continue forever and concentrate on what has come in its wake. The flagrant gap between the rich and the poor seems to widen by the day, and it is widely believed that most of

those with money have managed to get rich by dubious means. Corruption is a scourge of the nation, and widespread revulsion against cronyism is evident.

When everyone was poor and misery seemed to be equally shared, there was less complaint; now, some people have become spectacularly rich and the masses remain resolutely poor – it is this discrepancy that breeds discontent. If it were true that economic growth would hold back revolt, why do more protests occur in China's more prosperous regions than anywhere else?

And this brings us to another great myth, that popular unrest in China is insignificant and that the people have no stomach for defying the authorities. Precise information about unrest, particularly in more remote areas, is hard to obtain. But the growing phenomenon of remarkably large flash protests is now well established. Figures for what the Chinese authorities call "mass incidents" are always out of date and likely to be understated, but they show a clear progression. Some 10,000 of these mass incidents were officially recorded in 1995; 14 years later, the figure is estimated to be over 90,000.

The reality is that protests are taking place throughout the nation, as they were indeed in Egypt before the upheaval triggered by the Tunisian revolt. But in China (except in Xinjiang (新疆) and Tibet), these local protests are largely overlooked. So, what does it take for these small bonfires to become an inferno? There is no trite answer but history shows that dictatorships are far more fragile than they appear.

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