

**CHINA AND SARS:
LESSONS, IMPLICATIONS, AND FUTURE STEPS**

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INTRODUCTION

Allow me to begin by expressing my appreciation to the Commission for this opportunity to appear before you today.

The repercussions for China of the SARS epidemic will resonate well beyond the tragic and growing loss of life.^[i] On the brighter side, the progression of the epidemic from Guangdong to Beijing, into the Chinese countryside, and across the world demonstrates the mainland's increasing economic and social openness, mobility and interdependence within the country itself, within the East Asia region and across the planet, mobilizes concern for China's health care system, and may spark greater openness and accountability within the Chinese leadership.

On the other hand, the outbreak of SARS also exposes a number of troubling developments and uncertainties in China: old-style misinformation, opaque communication, an ailing public health care infrastructure, continued reticence in dealing with foreign partners, and a likely slowdown in economic growth in China and the region. All of these negative developments also raise serious questions about China's ability to cope with other infectious diseases such as hepatitis, tuberculosis, and HIV/AIDS.

To examine these issues, the following pages will analyze some of the early lessons and implications of the SARS epidemic, and recommend steps that can be taken to combat future health-care crisis in China more effectively.

LESSONS

Sclerotic and reactive process: To begin, by taking so long to reveal the real dimensions of the SARS problem, Chinese authorities underscored their reputation as secretive and out of step with international practice. News of falsified communications, deliberate misinformation, obstruction of UN assessment teams and reluctance to reveal the full extent of the epidemic to the World Health Organization all raise some troubling questions about real change in China.

Some argue that Beijing's current openness and responsiveness to SARS indicates a new and more positive direction for the leadership. This may be, though it remains relatively early to know with certainty whether this new direction will be limited to SARS-related responses, or can be broadened to encompass a new across-the-board approach by the Chinese leadership. For the time being, it appears the mainland's initial denial and slow response to the SARS outbreak characterizes a political environment where individual initiative is discouraged and social stability is protected above other interests, to the detriment of social safety.

Additionally, the initial slow reaction by medical authorities can be explained by outdated laws that prevent effective communication about emerging epidemics. The State Secrets Law prevents local

authorities from discussing an emerging outbreak until the Ministry of Health in Beijing has announced the existence of an epidemic. In the case of SARS, the silence of the bureaucracy, coupled with an increasingly mobile population, virtually guaranteed that an infectious disease would quickly spread well beyond Guangdong to the rest of the world.

Paradoxically, despite the sclerotic and old-style official response to SARS, China's society has become more open than ever. Indeed, SARS spread as rapidly as it did precisely because of China's expansive interaction domestically and with its neighbors. But Beijing's old way of doing things now faces a serious challenge: to prevent infectious diseases from becoming major social, political and economic problems will demand greater openness, transparency and candor, both at home and with partners abroad.

Ailing health care capacity: Even if old-style political and bureaucratic bottlenecks could be overcome, it is unlikely that the mainland's health-care system would have been able to prevent the spread of SARS. The rapid spread of other emerging infectious diseases throughout the mainland demonstrates the inability of the public health system to deal adequately with the complex nature of infectious diseases in a modern, globalized China. In urban areas, public health is adequate for those who can afford it or are still employed in the state sector, where insurance and company clinics can provide primary care. However, in rural areas, where the majority of the population resides, social services are inadequate to non-existent. The ability to diagnose and treat emerging diseases competently does not exist throughout most of China.

Blood-borne and sexually transmitted infections have posed a particular challenge to health authorities in China. For example, HIV/AIDS infects over one million Chinese, while similarly transmitted diseases including hepatitis B and C infect over a hundred million more. The capacity of China's health-care system is so stretched that hepatitis B, a disease for which there is a vaccine, still affects an estimated 170 million Chinese, accounting for two-thirds of the world's cases. The inability to prevent the spread of infectious diseases within China will have serious long-term economic impacts globally.

Reluctance to work with foreign partners: From the onset of SARS, Beijing and the provinces seem reluctant to fully accept assistance from the international community to deal with their burgeoning public-health quandary. Only after a two-week wait were inspectors from the World Health Organization permitted to travel to the SARS outbreak's epicenter in Guangdong. This same reticence characterizes China's earlier response to its HIV/AIDS crisis; political leaders in Beijing and particularly throughout local jurisdictions remain overly cautious in their willingness to accept international intervention and assistance.

IMPLICATIONS

Future epidemics: The official Chinese response to SARS did not bode well for how the government might respond to other new, perhaps even more serious infectious disease threats. Beijing's initial reaction to SARS parallels its response to HIV/AIDS: denial, followed by reluctant acknowledgment and hesitant mobilization of resources to combat the epidemic. At present, in spite of some recent positive steps by Beijing, the political and socioeconomic conditions are ripe in for the further spread of infectious disease, including atypical pneumonia, hepatitis and HIV/AIDS.

True, Chinese leaders recently have taken greater interest in dealing with SARS. But admitting to problems is only half the battle. There is still a long way to go, not just in dealing with SARS, but with other health-care-related challenges. Probably the biggest issues to tackle have to do with improved monitoring and communication to accurately gauge the nature and extent of disease outbreaks, and developing a more effective health care infrastructure to meet these emergent challenges. Local health-care capacity varies wildly across the country as central government spending in this sector flattens and localities are expected to pick up the difference. As a result, the expertise and capacity to diagnose,

prevent and treat the spread of disease--especially new viruses--is limited to nonexistent throughout much of China.

Economic downturn: The ability of China to devote greater resources to its health care system will be constrained in the near term by SARS' near-term economic impact, though the true effect over the next year or more is still hard to measure. Rough estimates made by international economists indicate that China's GDP growth for 2003 could be reduced by anywhere from 0.5 to 2 percent. Beijing is unlikely to issue figures on the economic impact of SARS. But the decline in tourism, airline travel, trade and international confidence will certainly be felt in China, particularly in hard-hit Guangdong Province, one of China's main engines of direct foreign investment and export-led growth. The government is trying to counter the effects of the downturn with massive increases in funding for SARS prevention and control. Billions of RMB have been allocated for projects throughout the country, ranging from construction of infrastructure, to purchasing of supplies, to expanded research and development of tests and medicines to combat SARS.

On the other hand, the short-term damage from SARS to the economy is perhaps minimal compared to the shaken confidence of foreign investors in the Chinese government's ability to effectively manage the health of the Chinese population -- at a minimum, the Chinese government's reaction to the SARS outbreak has reminded foreign investors and the world at large of the uncertainties and contradictions in dealing with China.

Partly because it did not take steps promptly to address the public health crisis, the Chinese government will also have to cope with a downturn in the economic health of greater China - consisting of the mainland, Hong Kong and Taiwan - as well as the wider East Asian region. Singapore, Hong Kong, and Taiwan have already trimmed official forecasts for economic growth as a result of the SARS outbreak. In one early analysis, Morgan Stanley lowered its estimate of East Asian economic growth, excluding Japan, from 5.1 percent to 4.5 percent for 2003.

LOOKING AHEAD

China's approach to SARS exposes troubling weaknesses that are reflected in Beijing's overall reaction to deadly disease outbreaks. These are: opaque communication channels--and even deliberate disinformation--from provincial to central authorities; denial and inaction short of international outcry and senior-leadership intervention; weakening public-health-care capacity to monitor, diagnose, prevent and treat emergent disease outbreaks; and early and persistent reticence to collaborate effectively with foreign partners. Chinese authorities, working with the United States and others, must try to change this pattern.

A first priority must be to implement more transparent, accurate and coordinated public-health-care management and communication. As a start, the country should invest even more heavily in its epidemiological and surveillance capacity to accurately detect, monitor and quickly report on disease outbreaks and their progress. Beijing should impose improved cooperation both between the central and local authorities and across the bureaucracy in a more effective interagency mechanism.

More transparent and enforced regulatory structures will also guide public health and other officials to react in a more professional and socially conscious way. Health-care related quasi- and non-governmental organizations could be more effectively utilized to monitor and improve methods for the prevention, treatment and care of disease. But for these kinds of steps to succeed, China's new leadership must commit to raising the political priority of public health on their agenda of socioeconomic challenges.

Second, resources for public health will need to be expanded considerably, both as a part of central and provincial government expenditures. At a basic level, more well-trained professionals will be needed to

properly diagnose, treat and care for persons afflicted with emergent epidemics in China. Even more could be gained by promoting greater awareness and preventive messaging, not to alarm people, but to help them take the necessary precautions to protect against infectious diseases prevalent in China. Again, grass-roots and community-based organizations can be effective partners in this effort, if well-coordinated and given adequate leeway and resources.

Finally, China and the international public-health community have a shared interest in scaling up cooperation and assistance programs. There are numerous international health-related assistance programs in China, but most operate at a relatively modest scale. Expanding successful programs will require significant new funding. Major donor nations should also consider re-channeling development aid to focus more on public-health programs. In the end, however, China--as one of the world's largest economies and an aspiring great power--will need to show a greater commitment to working with international partners and to taking its public-health challenges more seriously.

Minister Wu Yi in her new role as the Minister of Health has already taken steps to endorse increased cooperation with the United States on many of these fronts. Speaking on the telephone last week, Vice Premier Wu and Secretary of Health and Human Services (HHS) Tommy Thompson agreed to proceed with planning for expanded collaborative efforts in epidemiological training and the development of greater laboratory capacity in China. These new efforts will increase the number of HHS personnel working in China beyond the two CDC employees currently stationed in Beijing. This expanded collaboration, while certainly spurred by the current SARS epidemic, will be very important in helping China combat other infectious diseases, especially newly emerging infectious diseases such as tuberculosis, HIV/AIDS and other STDs.

[i] This testimony draws from recent articles published by the witness. See: Bates Gill, "China: Richer, But Not Healthier," *Far Eastern Economic Review*, May 1, 2003; Bates Gill, "China will pay dearly for the SARS debacle," *International Herald Tribune*, April 22, 2003; Bates Gill and Andrew Thompson, "Why China's health matters to the world," *South China Morning Post*, April 16, 2003.