

The Real Fallout From China's Chernobyl

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As China's leaders begin to win their war against severe acute respiratory syndrome (Sars), the prospect of a dramatic systemic change - the "Chernobyl factor" - looks remote. If the spread of the disease is brought under control soon, the prestige of the new leadership of General Secretary Hu Jintao and Premier Wen Jiabao will be greatly enhanced. Unlike Jiang Zemin, the outgoing president, and his supporters, they have appeared business-like, open and willing to adopt modern management techniques.

Yet "old politics" has also reasserted itself. Different factions are vying to take credit for the "victory", while the party as a whole is extolling its virtues in taming the viral beast. Normality has even returned in relations with Taiwan. Having allowed a delegation from the World Health Organisation to go to Taiwan for humanitarian reasons, China made sure this would not lead to Taiwan's gaining WHO observer status.

However, it is clear that fundamental shortcomings in the Chinese system of administration exacerbated the problem. There are five lessons that China's leaders should take from the Sars outbreak, as this will not be the last crisis they will have to deal with.

First, they need to understand that membership of the world community entails obligations and expectations on the part of others about what constitutes ethical behaviour. China would like the economic benefits of globalisation without having to deal with the social and political consequences. It is impossible to maintain an open system for business investment but close off flows of information. The risk of upsetting foreign investors has often been used as an excuse to suppress bad news. But foreign investors may conclude that transparency is more important for investment decisions.

Second, China needs to set up systems at all levels that can deal with crisis management. The initial response to crisis is denial and cover-up. Once action is called for, the vertical and segmented structure of China's bureaucracy hampers effective action. It is difficult to gather information across different sectors. Even today, it is not clear that the regions or the military are reporting accurately to national authorities.

Third, the country needs to encourage local governments to be more transparent. There is little incentive for local leaders to provide accurate data and reporting; they find it much better to report no problems or to present statistics that exceed targets laid down at higher level. The lack of accurate data makes policy co-ordination tough. Uncertainty as to what higher authorities may think means the first reaction is to delay or suppress information. Sars is the latest in a long line of disasters that have been ignored or dealt with only

haltingly. The need to save face and preserve party infallibility all too often takes precedence over saving lives.

Fourth, China needs to integrate social development with economic development. The leadership cannot have imagined that the first big social threat to economic growth and party credibility would be a disease. But while markets have produced fabulous economic growth, they have changed ownership structures and incentives for healthcare, resulting in highly unequal access, increased costs and an emphasis on expensive curative care over prevention. Good health services, especially for rural areas, should not be seen as a luxury to be attended to once high economic growth has been achieved.

Fifth, the leadership needs to create a new system of information management. It took an incensed military doctor - disillusioned with his own public health officials and the domestic media - to alert the international media and force China's leaders to act. There is a fundamental tension between a regime structured to control information and a society that is savvy about communications. This tension threatens the social stability the leadership needs, to ensure economic development. If there is no trust in domestic reporting, people will turn to foreign sources or listen to rumour, leading to greater levels of discontent and distrust. Denial and cover-up can only work against the leadership's long-term interests.

China's new leaders need to draw the lesson that for continued rapid economic growth they must allow greater freedom of information, reduce coercion, promote transparency and enhance accountability.

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