

# China's health care works best for the wealthy, SARS outbreak shows

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The ongoing SARS epidemic has focused the global spotlight on China once again. Most analysts rightly focus on the immediate health effects of severe acute respiratory syndrome. But perhaps even more important is what the ailment's spread says about the negative social, economic and environmental impacts of China's development strategy over the past 25 years.

Although the existence of SARS may be natural, its current spread to China's hinterlands is a man-made disaster. The very economic boom now threatened by SARS is paradoxically what has allowed the virus to proliferate. China's economic reforms have brought the country's rural health care system to the brink of collapse. The epidemic is thus the result of a particular development strategy -- one that has principally benefited a minority, while negatively affecting the country's poor majority.

Since the early '80s, China's economy has expanded at an extraordinary rate, bringing great material benefits to a growing middle class and small wealthy elite. At least half of China's 800 million peasants have had a much different experience, however.

Geographically, the economic boom has been very uneven, most of it concentrated in the southeast of the country and a few other large cities. At the same time, the reforms have undermined many positive gains of the Maoist period in social welfare. Particularly hard hit have been small rural health clinics. Historically, they provided primary medical care and organized large-scale prevention campaigns against tuberculosis, leprosy and other former scourges of the countryside.

While China's growing elite can now access advanced health facilities, hundreds of millions of peasants -- China's majority -- no longer have access to even rudimentary health facilities. Funding for township and village clinics has declined continuously resulting in the closure of many, particularly in the country's poorest regions. Where health care is available it is unaffordable for most as it is now a pay-as-you-go system.

As a result, formerly controlled diseases have resurged. Tuberculosis cases, for instance, have quadrupled. And new challenges such as AIDS have rapidly spread. One British aid worker and AIDS specialist reports the complete collapse not only of health care, but also of health monitoring. The prevalence of AIDS is a statistical black hole in rural China: True numbers are not hidden -- they are impossible to gather since the infrastructure to do so no longer exists.

It is into this void that SARS now emerges.

China's leadership is responding by promising to repay hospitals for admitting peasants without

charging the usual \$250 fee (equivalent to a year's income in most rural areas). But this assumes that a rural hospital exists. In China's 2,000 counties -- averaging half a million people -- there is often just one county hospital providing advanced health care. Thus, the spread of SARS into rural hinterlands will affect already overstretched hospitals and limit access to urgent care for other maladies.

Beijing cannot make up 20 years of disinvestment in public health through quick allocations and one-time reimbursements. Providing adequate health care for China's poor majority requires long-term reinvestment in facilities, training of health care workers and re-extension of the system back into China's hundreds of thousands of villages. It requires active state participation well beyond anything currently envisioned. Without such reprioritization of China's development policy, the human-produced tragedy of SARS will only be the latest of a growing series of fundamental challenges to the well-being of the Chinese people.

Beyond the dangers to health, the ill effects of the disease are many. Within China, fear of SARS has already intersected with politically inspired rural unrest related to growing corruption and intensifying socioeconomic and environmental problems. Violent clashes last week between peasants and police highlights how SARS subjugation of China's hinterlands may amplify widespread rural discontent. The virus' spread has also brought the economy to a standstill, while decreasing state legitimacy. And for the United States, given its enormous trading relationship with China, the economic consequences are highly significant.

Many cite China as a success story of market transition. But the economic recession emanating from SARS in Asia, and its direct human costs, should make us question the wisdom of our rapidly expanding global interdependence, as well as development models overly reliant on markets to provide needed social goods for the majority of the world's peoples. By depending on the market to provide health care, the Chinese state may have made its most costly blunder yet, one for which we all may pay the price.