

SARS epidemic triggers political crisis in China

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3 May 2003

The outbreak of the SARS (Serious Acute Respiratory Syndrome) epidemic and its potential economic impact have created a major political crisis in China. Having covered up the extent of the problem and failed to take early preventative measures, the Chinese authorities are now scrambling to demonstrate that they have the situation under control.

The disease has rapidly spread throughout the country, including Beijing and the major economic centres in the south. Most of the world's approximately 5,000 cases of SARS are in China and Hong Kong. According to official figures released on April 30, there have been a total of 3,460 cases reported, with 159 deaths and 1,332 recoveries.

On April 22, Henk Bekedam, World Health Organisation (WHO) representative in Beijing, warned: "I think we're going to have a very big outbreak in China. I think it will be quite a challenge to contain SARS within China, especially those provinces that have very limited resources." A number of the economically backward interior provinces, including Hunan and Inner Mongolia, have now reported cases.

The prospect of an uncontrolled epidemic of SARS has alarmed the population. Only weeks ago, the residents of Beijing were told that the city was safe. The capital is, however, the second most seriously infected region in the country with 1,114 cases up to April 27. Everyone now wears a facemask in public. Fears of an emergency shutdown of the city have led to panic buying of food. Libraries and cinemas are closed and marriage ceremonies have been suspended.

Beijing authorities have boosted the police presence on the streets, as much out of concern over potential unrest as to prevent the spread of the disease. The number of police patrols to "prevent" SARS has increased. Buildings where infection has been suspected have been sealed off by paramilitary police and roadblocks established up to inspect vehicles. At least 12,000 people are under strict quarantine in a number of residential buildings and hospitals because of possible contact with SARS.

When tens of thousands of immigrant workers and students from rural areas began to flee Beijing on April 24, police prevented them from leaving. All inter-city transport services have been cancelled. A construction worker told the *Washington Post*: "I'm going home. They wanted us to stay in

Beijing, but who wants to stay here? If you get sick, they send you to hospital. And in hospital, you'll probably get SARS."

Following a sharp drop in foreign tourists, workers in restaurants, hotels and other service industries were told to immediately take unpaid holidays. The government also announced the cancellation of the week-long May Day holiday—traditionally a time for travelling. Beijing's primary and middle schools, which have an enrollment of at least 1.7 million students, were shut down on April 24 for two weeks. University students have been forced either to return home or to stay on campus where their movement is strictly controlled.

The atmosphere of uncertainty, fear and discontent in Beijing provoked by the sudden discovery of the extent of the danger is mirrored across the country.

For weeks, the Stalinist bureaucracy in Beijing attempted to minimise the extent and dangers of the SARS outbreak fearing its economic and political impact. As recently as April 4, a headline in the official *People's Daily* read "Tourism in China continues without a hitch." Like other top Chinese officials, newly-installed premier Wen Jiabao told the media on April 7 that SARS was "under control". State-run television was ordered to report that foreign tourists were travelling safely in the country, even after WHO had issued its first travel warnings for southern China and Hong Kong.

But the cover-up rapidly began to fall apart. A former director of a military hospital in Beijing first raised the alarm in early April. Since then dozens of officials and doctors have leaked information about the extent of SARS in China to the international press. Having unsuccessfully attempted to suppress news of the epidemic, Beijing was forced to change tack and acknowledge its extent.

On April 7, President Hu Jintao convened a meeting of the powerful Politburo Standing Committee of Chinese Communist Party (CCP) to address the crisis. The official Xinhua news agency reported that "the meeting explicitly warned against the covering up of SARS cases and demanded the accurate, timely and honest reporting of SARS situation." Official figures jumped dramatically—in the case of Beijing, 10-fold from the previously reported 37 patients.

The Xinhua report also pointed to the underlying reasons for the shift, declaring that "China's reform, development and

stability” were under threat. In other words, the SARS epidemic was now putting trade, tourism and investment at risk and raising the prospect of political unrest.

Within the Stalinist bureaucracy, the political crisis appears to have provoked a faction fight between supporters of Hu Jintao and Wen Jiabao, on the one hand, and those of former president Jiang Zemin, on the other.

The *Washington Post* commented last weekend: “The two leaders [Hu and Wen] have used the crisis to challenge the authority of parts of China’s government, the military and the capital city’s administration, ultimately challenging the authority of their predecessor, former president Zemin.”

Heads began to roll on April 19. Health minister Zhang Wenkang, a protégé of Jiang Zemin, was sacked for lying to the press that China was “a perfectly safe place”. And in what appears to political pay back, Beijing mayor Meng Xuenong, a Hu supporter, was also dismissed for dishonesty. Beijing party secretary Liu Qi, believed to be connected to Jiang, has been forced to make a public “self-criticism” for covering up.

Jiang Zemin, who retained the powerful post of chairman of Central Military Commission, came under pressure when WHO official Hank Bekedam told the media that Chinese civilian authorities “really didn’t know” the extent of the epidemic in Beijing because the army’s hospitals refused to cooperate with the central government. Belatedly, Jiang responded by ordering 1,200 military medical personnel military to assist in constructing a new 1,000-bed field hospital for SARS patients.

Significantly Rupert Murdoch’s *Australian* saw the SARS epidemic as an opportunity to push for a political regime in Beijing more directly in the interests of foreign investors. It commented on April 22 that SARS had become “China’s Chernobyl—the 1986 nuclear reactor disaster that persuaded the president of the former Soviet Union, Mikhail Gorbachev, that openness (glasnost) was better than secrecy for political stability. From then, it was a logical progression to political reform... So will Hu Jintao turn out to be China’s Gorbachev?”

Beijing is under growing pressure from international financial circles to control the SARS outbreak. Morgan Stanley Asia has downgraded China’s economic growth from 7.5 percent to 6.5 percent, and the US financial house Citigroup adjusted it from 7.6 percent to 6.7 percent. The *Far Eastern Economic Review* has estimated SARS has caused at least \$US3.9 billion damage to the GDP of China and Hong Kong.

While the immediate victims are service industries connected to tourism, China’s huge manufacturing sector, which accounts half of the country’s GDP, is anticipated to be next. The major US toy retailer Wal-Mart Store, for example, has delayed sending this year’s Christmas orders to mainland China that produces 70 percent of the world’s toys.

Business Week noted on April 28: “Hong Kong and Singapore, Asia’s two premier international business hubs, are nearly paralysed. In China, the Canton Trade Fair, which opened on April 14 and last year boasted \$17 billion in deals

for mainland manufacturers, is a bust. Hong Kong watch sellers lost \$1.2 billion in orders, they estimate, when they were denied entrance to a Swiss trade fair.”

The concern over SARS is in marked contrast to the complete disinterest in the much higher toll exacted by other diseases. China is plagued by the diseases commonly seen in underdeveloped countries and has the highest rates of hepatitis B and neonatal tetanus in Asia. The number of cases of HIV-infection, which is already over one million, is estimated to increase to 20 million by 2010.

But in contrast to SARS, these diseases do not threaten investment and the operations of the capitalist market. In fact, their continued spread is bound up with the market reforms of the last two decades that have transformed China into a vast cheap labour platform for transnational corporations.

The country’s health system has been one of the victims of economic restructuring. Since the early 1980s, the proportion of health care funded by the central government’s budget has fallen from 36 percent to less than 20 percent. A quarter of the limited health spending is focused on the richest coastal areas such as Beijing, Shanghai and Zhejiang Province, while the poorest seven provinces in western China received only 5 percent. In the last 10 years, health costs for ordinary families have jumped by up to 600 percent.

While healthcare, public housing and other services have been destroyed or privatised, a small capitalist elite, closely connected to the Beijing bureaucracy and transnational corporate giants, have profited. The Shenzhen-based *New Fortune* magazine recently listed China’s 400 wealthiest entrepreneurs, who have a combined fortune of \$40 billion. It is to defend these fortunes that the Stalinist bureaucrats have now decided to launch their public campaign to control SARS, at an estimated cost of \$420 million.



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