

## Background

“REGIONAL ECONOMIC AND DEVELOPMENTAL DISPARITIES SHOULD NOT AUTOMATICALLY TRANSLATE INTO A SHORTER LIFE FOR THOSE AT THE POOR END OF THE SPECTRUM. IT’S UNFAIR AND COULD AFFECT STABILITY AND HARMONY.”

—ZHAI ZHENWU, DIRECTOR OF THE CHINA POPULATION ASSOCIATION, 2008

- According to the World Health Organization, the average life expectancy of people in China has risen from 35 in 1950s to 73 in 2006. The mortality rate of Chinese infants declined from as high as 20 percent during periods in the twentieth century to 2 percent at present. However, China’s health system faces some serious challenges.
- While the government claims that the rural cooperative health care system will cover all farmers by the end of 2008, recent statistics from the Ministry of Health show that due to soaring medical costs currently one-third of rural patients still choose not to go to the hospital (though down from 73 percent in 2003), and 45 percent discharge themselves before full recovery.
- United Nations’ data show the average level of per capita health spending in urban areas was more than twice the national average and 3.5 times the average health spending level in rural areas. In 2006, the number of maternity deaths in the countryside was nearly twice that in cities.
- According to data from official state media, in 2007, 95 percent of the elderly in rural areas had no pension, and in 2005 the government’s average social security expenditure per capita in urban areas was 10 times that of rural areas.
- The 2008 Pew Global Attitudes Survey in China reported that 54 percent of low-income residents find health care difficult to afford, and a Chinese government survey in 2008 reported health care costs as among the top public concern of Chinese citizens.

## Current Situation

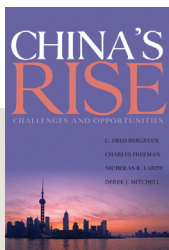
- China’s current health care and retirement systems still do not provide a social safety net to replace the “iron rice bowls” that once guaranteed China’s state-employed population with “cradle-to-grave” benefits, including a modicum of preventative measures and health care treatment.
- China’s medical resources have been mostly allocated to benefit urban areas, while the lack of funding in rural areas means poor and declining health services over time.
- With an ailing public health care system, China is increasingly vulnerable to the spread of infectious diseases. There are some 200 new HIV infections per day in China, with a total official estimate of 700,000 HIV-positive persons in China as of the end of 2007. Data from the Ministry of Health show that the number of reported HIV/AIDS cases rose to 223,501 by October 2007, up from 183,733 reported in 2006.
- As of August 2008, the World Health Organization has reported 30 confirmed human cases of avian influenza, 20 of which have been fatal. In addition, tuberculosis is still a significant health threat in China, with more than 1.5 million new cases and 270,000 deaths each year across the country.
- Meanwhile, chronic and noncommunicable diseases are also a serious problem. It is projected that China will lose \$558 billion over the next decade from premature deaths due to heart disease, stroke, and diabetes.
- China’s State Council adopted a five-year health plan in mid-2007 to further develop the country’s public health system. The plan aims to establish a basic medical and health care network covering all urban and rural residents by the end of 2010. A draft of the plan was released—notably, it was released for public feedback—in October 2008. The draft offers few new details, however, and was published noticeably behind schedule.

### GOVERNMENT UPS SPENDING ON SOCIAL SERVICES

According to official Chinese data, in 2007, total social service expenditures increased at a faster rate than budgetary expenditures as a whole. Spending on education rose by a reported 29 percent and health expenditures 39 percent over 2006. As a percentage of total GDP, spending on social services amounted to approximately 5.75 percent, up from around 4.99 percent of total GDP in 2004. Spending on education was around 2.8 percent of total GDP, on health 0.80 percent, and on social security 2.15 percent in 2007. At the NPC meeting in March 2008, Premier Wen Jiabao unveiled plans for a major increase in spending on social sectors including medical care and housing; spending on education alone rose by 45 percent in 2008.

## Implications

- The challenge of an aging population as well as the increase in chronic and infectious diseases threatens to overwhelm an already deficient social welfare system.
- On the other hand, the government's steady retreat from provision and oversight of social welfare activities has opened up new demand and social space for alternative, private-sector services and organizations, such as businesses, entrepreneurs, and nongovernmental organizations (NGOs), to fill this need.
- Health NGOs are one of the largest and fastest-growing NGO sectors in China, ranging from small, unregistered self-help groups to larger NGOs carrying out education projects, legal aid, advocacy, or research. Some health NGOs focus on specific groups—women, HIV/AIDS or cancer patients, children, and persons with disabilities—while others undertake projects to improve rural health care service.
- This civil engagement has led to a greater pluralization of Chinese society, a trend that looks likely to continue.



FOR FURTHER INFORMATION:  
SEE CHAPTER 3: “CHINA’S DOMESTIC TRANSFORMATION: DEMOCRATIZATION OR DISORDER”  
IN *CHINA: THE BALANCE SHEET: WHAT THE WORLD NEEDS TO KNOW NOW ABOUT THE EMERGING SUPERPOWER* BY C. FRED BERGSTEN, BATES GILL, NICHOLAS LARDY, DEREK J. MITCHELL