Wuhan Protests, the Chinese Healthcare System, and the “Hong Kong 47”

China Insider #10

TRANSCRIPT

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Wilson Shirley:

Hello and welcome back to the China Insider, a podcast from the China Center at Hudson Institute.

It's Tuesday, February 14th, and this is the 10th episode of the China Insider. Thank you so much for listening and for making this a success. As I said a couple weeks ago, Miles, and I really enjoy doing these and we also really appreciate the feedback that we've gotten. It's helped to make us better as we go through this and as we continue to host new episodes of this podcast. So, if you had feedback, please feel free to leave it in a review. Also, feel free to rate the podcast today. We have three really important topics that we're going to go through. The first is about a protest in Wuhan that is actually happening among retirees over healthcare benefits. We'll talk about the future of such protests and what they mean about the Chinese healthcare system writ large. The second one is going to be about the trial of the Hong Kong 47. This is a group of pro-democracy activists that are under trial because of the national security law in Hong Kong. And the third we'll do a brief update about all of the balloons that are flying over the United States and Canada, and the amazing show of unanimity from the US House of Representatives, which voted to condemn the CCP for the violation of US sovereignty. Miles, it's episode 10. How are you doing?

Dr. Miles Yu:

I'm doing well, thank you. Wilson its 10 already? A 10 is a perfect score.

Wilson Shirley:

10 is a perfect score. We're in double digits. Let's keep it up. We want to start this week with news out of a city that everyone knows by now, Wuhan, China. So, it popped into the news three years ago when Covid originated there. But in the last couple of weeks, starting last week there have been pretty massive protests in Wuhan. And these protests are different from the protests that we saw last October. In October, it was mostly students in Wuhan. Now it's mostly retirees, and that's not a demographic that is very well known for civil disobedience or protesting. So, what's going on in Wuhan right now?

Dr. Miles Yu:

Well, these protests that took place last week was primarily a protest against the Wuhan municipal government's arbitrary decision to cut healthcare subsidies drastically. Healthcare in China is a mess, and it's basically a result of the combination of the worst parts of socialism and capitalism. and so, the victims are just ordinary Chinese. So, there is an enormous, enormous social anxiety and disenchantment generating from this kind of a sorry state of Chinese healthcare. So up to 10,000 Chinese citizens, most of them elderly,

Wilson Shirley:

10,000, that's a pretty big number.

Dr. Miles Yu:
That's a big number. And it was raining, and they besieged the city government, and they demanded the government to reverse the decision to cut their meager monthly subsidy.

Wilson Shirley:
Yeah, I saw it's gone down from $38 to around $15 a month.

Dr. Miles Yu:
Yeah. So that's a very big deal for average Chinese citizens, particularly the retirees whose income is very, very limited. They were really angry, and the protests were orderly, but is very powerful. So, the vow to come back, they gave the Chinese government about 10 days to respond. They vowed to have a much bigger protest. Miraculously, the Wuhan government caved, so they said, okay. Well, they didn't cave completely. No government in China. <laugh> can say we're totally wrong, but they said, well, we're going to at least postpone. So, I think the protestors got the message that if you band together and you actually can achieve your political goal, and this political goal is nothing radical. It's very ordinary in any western country with democracies, this is nothing. But in China it is big news. And I think many people were encouraged.

Wilson Shirley:
Yeah. So, there were a few things about this that stood out to me. One, the demographic that we talked about, it's retirees who are protesting. So, I guess a first question is, as China's population continues to age and they lose more people of working age, they'll have less money going into retirement systems and into healthcare systems, and they'll have more retirees who can get angry about cuts like this. So are we going to see more of these sorts of protests, do you think, not only in Wuhan, but in other cities as well?

Dr. Miles Yu:
Absolutely. China's demographic statistics look very grim. Yes. On one hand, you have 40 years of one child policy. So, you have this very young group of people who are bearing enormous burdens, economic burdens, financial burdens, career burdens. In the meantime, you also have the aging population. So aging population is growing rapidly, and the aging population, their primary care system is a, in China, basically to rely on your children there. You don't have one child who is already burdened heavily.

Wilson Shirley:
Upside down family trees.

Dr. Miles Yu:
That's right. Which means that the healthcare system in China is very important for average Chinese citizens and the Chinese healthcare system is bankrupt. It's collapsing.

Wilson Shirley:
So, as you don't have children, you need more subsidies from the government, but the subsidies are going to be cut as they can't fund these things. Describe these subsidies, these benefits. How does the Chinese healthcare system work? Can you elaborate on that a little bit?

Dr. Miles Yu:

Basically, for the overwhelming majority of the Chinese population of 1.4, roughly billion, there is something called the basic healthcare insurance. That coverage actually is pretty wide. This covers over 90%, but it varies from province to province. Some provinces are very good, in the coastal area, in a big city directly under central government administration, like Beijing, like Shanghai, yeah. Oh, the healthcare insurance is pretty adequate in many provinces, the average citizen would have to pay something like 10% of their salary to be deducted from their monthly paycheck for health insurance, so that 10% of your monthly contribution would get the 80% of your healthcare cost to pay. So, on surface is not bad. However, there's also a lot of other problems. Number one, deductible is relatively high, and also there is a maximum cap as to how much the Chinese basic care insurance would have to pay. So, the cap is really, the problem.

Number two is basically Chinese hospitals. Most of the Chinese hospitals are state owned. Yet the government, the central government only pays about 10% of hospital's cost, very small. So, hospitals are forced to make up about 90% of its cost. So, this created a tremendous problem because the hospitals basically become a money-making machine, and they have to really generate revenues, doctors’ promotions, or predominantly depending on how much money you can make, for the hospital. And this actually is very, very bad because you change the sort of basic ethical standards for healthcare personnel. And the result is that because overwhelming majority of the people in China only have basic healthcare insurance and with the cap. So, what you end up here is there's a lot to be made out those people. So, hospitals in China nationwide constantly reject a lot of citizens with the basic healthcare insurance. So, they only accept those who are well off and who can pay for themselves. Those are individuals who can pay all cost.

Wilson Shirley:

That's probably more so more so you have those people in the coastal cities where there's a lot more money than in interior or rural areas where people are not as wealthy,

Dr. Miles Yu:

Definitely. But also, in every province because of the Chinese system, you also have a very privileged and very wealthy few. So, what happened is Chinese hospitals were just spend a lot of resources. The best doctors were diverted to take care of this very small number of people. Now, on top of that, when we say Chinese government is a dictatorship, there's a reason for that because there is a Chinese vice minister of the health ministry who has said on record that 80% of central government entire spending on healthcare goes to a very small number of senior Chinese Communist party cadres about 8.5 million. So, on one hand,

Wilson Shirley:

Hand, 5 million people in the Chinese Communist Party.
Dr. Miles Yu:
Okay. So those are various senior people who have enough seniority to receive this extraordinarily extravagant healthcare.

Wilson Shirley:
And that. So, to emphasize that, how many people are actually members of the Chinese Communist Party? Is it a hundred million or is it more or less than that?

Dr. Miles Yu:
Close to a hundred million.

Wilson Shirley:
So, this is a very small group within that and then within the overall population.

Dr. Miles Yu:
That's right. So, I'm talking about very senior communist cadres. So, the reality is in China, the hospitals aren't jammed with patients. But then throughout China you have some very fancy, especially high-tech sanatoriums hospitals with the Chinese best doctors. They were concentrated in those small number of hospital facilities and to take care of these very senior party members.

Wilson Shirley:
So, these 8.5 million members of the Chinese Communist Party.

Dr. Miles Yu:
That's right. Let me repeat. 80% of the central government, the entire spending on healthcare goes to this, a very small number of senior Chinese communist party members. It is very expensive

Wilson Shirley:
Huge amount of inequality in what is supposed to be a socialist system.

Dr. Miles Yu:
That's exactly right. When you ask average Chinese citizen the beef <laugh> in our daily routine, healthcare is one of the major sources. So that's why you see there's a massive, massive paranoia over getting sick in China once you're getting sick and your entire life savings might be gone.

Wilson Shirley:
Really interesting. So, to continue this conversation it sounds like a long-term trend where there's going to be more unrest probably as the population ages. I've heard that the inciting
incident for this particular protest was obviously the cut from $38 in us, a healthcare subsidy a month down to $15. But the reason that that happened it's been reported, is that Beijing is not bailing out local governments and local governments are the ones who supplied these subsidies, and local governments have less money because they had to enforce the extremely expensive zero covid policy for three years, which obviously ended in December. Is that true? Is that why local governments are so strapped right now?

Dr. Miles Yu:

Yes. Every single one of the 31 provinces in China reported the huge deficit because the provincial governments were forced to spend the enormous resources. Sometimes a huge number of their budgets on enforcing these zero covid lockdowns. It costs a lot of money. So just imagine how many cops you have to employ, right?

Wilson Shirley:

All the testing that had to be done, to monitor,

Dr. Miles Yu:

Testing that has to be done. So, it's very expensive. So, every single of the 31 Chinese provinces reported the deficit. This issue actually has become very political because in the last 30 some years, you can see there is a mass movement in China involving hundreds of millions of people who are getting to do all sorts of breathing, exercise, martial arts.

And once you do that, and you have organization and you have all kinds of movement leaders, one of the most famous ones, of course, is Falun Gong. In the 1990s, when the Chinese healthcare system went bankrupt, involved a lot of people, many of the elderly people who retired and who were profoundly scared of getting sick, and then they go to the park, and they practice. This was a particular brand of a breathing exercise, which is basically Fallon Gong. And the Chinese government basically said, this is organized, this is cold, and we got to persecute. So, they basically banned the whole thing. And they used extraordinarily brutal methods to drive underground and overseas. Yeah, I mean, right now, that's one reason why the Wuhan government caved last week because this could be the beginning of the mass movement against government. So, it's become very political. There's also a particularly macabre part of this story, because many of the Chinese hospitals are into making money, what's one of most profitable business in the medical area, medical area, in addition to unnecessary expensive procedures and medicine is organ transplants,

Wilson Shirley:

Which we've talked about in the last couple of episodes as well.

Dr. Miles Yu:

Many Chinese doctors were complicit in this horrendous crime, facilitating this commercial commercially driven business of organ transplanting. That's why we meant; we reported the story in our previous episode about this massive number of disappearances in China. People just suddenly gone missing. And many people just were so worried that this may be related to
the illegal organ harvesting. And that's why this becomes a very big issue in China. And the Chinese government is completely paralyzed to address this issue.

Wilson Shirley:
And there actually is in Chinese history, a pretty long movement, a long history of mass movement starting out of Wuhan. Everyone in the United States obviously heard about Wuhan because that's where Covid originated. But isn't it right that Wuhan is also the city where protests started in 1911, that three months later brought down the Ching dynasty. It's a huge city in modern Chinese history, and I think it has like 11 million people, something like that. So, it's a place that really matters.

Dr. Miles Yu:
Yeah. Well, Wuhan is a peculiar city. Wuhan is a central metropolis. In China, it's not coastal, but Wuhan is <inaudible> because in modern China many of the communications lines sort of converge on Wuhan is right there near the Yangtze River. So, it's a navigable water, navigable water and generates a lot of maritime traffic. On the other hand, also, most importantly, Wuhan is known as the hub of the North, South, and East, West railway lines.

Wilson Shirley:
Yeah, you've described it to me before as the sort of Chicago of China. Is that an analogy that works?

Dr. Miles Yu:
That analogy is fine, except Chicago has a much worse weather pattern. So, you end up basically plane been delayed, Wuhan has the same problem, but it's not nearly as bad.

Wilson Shirley:
As that, not that

Dr. Miles Yu:
And also, there is some kind of benign neglect of some sort because Chinese government concentrated is control in many of the bigger cities like Beijing, Shanghai, Canton, and Chok, and Wuhan is left relatively alone. So that's why you have a lot of the sprout of social protests,

Wilson Shirley:
Kind of benign neglect. So, let's turn to one of those other big cities Hong Kong. So, there was really, really a tragic scene out of Hong Kong last week. There are 47 pro-democracy activists who've become known as the Hong Kong 47, who are now on trial for what the CCP is calling subversion under the national security law that went in in June, 2020 that basically took away Hong Kong's autonomy. So, I want to ask a two-part question here. Can you go through a little bit of the history of what the CCP has done in terms of taking away the promised autonomy to Hong Kong, and then talk also about what this trial of the Hong Kong 47 means within that context.
Dr. Miles Yu:

It's a tragic ending of a promised prosperous city in Hong Kong. Now, Hong Kong was given to the British in 1842 by the Chinese government. The Chinese government really didn't think of much of it then.

Wilson Shirley:

The Chin Dynasty. It was like an official, no,

Dr. Miles Yu:

The barbarians came, and they caused trouble for us. So, let's just give them a little barren island and off the coast of Canton, and then they don't come back to make trouble on the British side. The British government never wanted, British government said, this is crazy. This is varying from bad diseases and it's why do you want it? But in the next 150 some years, and the British did build Hong Kong out of nothing, and to make it a global financial hub, there was never a democracy. But there was a basic guarantee of freedom and human rights and the rule of law.

Wilson Shirley:

I think a high degree of autonomy is the phrasing.

Dr. Miles Yu:

I've seen. That's right. So, in 1984, China and Britain negotiated the deal by which that China would promise 50 years of guarantee of a high degree of autonomy. And that clock will start in 1997 when Hong Kong will be officially transferred to the Chinese sovereign control.

Wilson Shirley:

So, it's supposed to end in 2047.

Dr. Miles Yu:

That's right. And then the Chinese government of course realized as Lincoln said, that you cannot have one freedom and one slavery. So, the house divided cannot stand itself. So, the Chinese government neglected the promise and starting in 2018, 2019, and then they began to basically know to crack down. But of course, this kind of a downward sliding, so the erosion of Hong Kong's freedom and democracy and rule of law has been going on the moment the Chinese Communist party took over. So, by 2019, and you basically have a lot of grassroots people who basically want to demand the Chinese government to fulfill, it's part of the bargain that is to allow more elections, direct elections as Chinese Communist party promised in a scheme called one country two systems.

Wilson Shirley:

Elections to, is this elections to the Hong Kong legislative council or to a
Dr. Miles Yu:

that's right. Eventually the chief executive would also be elected by a popular vote. That's the promise. The Chinese government never wanted to fulfill that, and they basically controlled China. They controlled Hong Kong through the policy called United Front. They controlled the Hong Kong elites, the billionaires, the socially snobbish people. So, they control the elite hoping that if you control the elite and then communist party control in Hong Kong will be stable, that policy backfired because you cannot neglect it. The 7 million ordinary citizens in Hong Kong, virtually every one of them has something to do with the fact that they escaped from the Chinese communist control in the previous several decades. So, there are political refugees.

Wilson Shirley:

Sure. There's a reason they live in Hong Kong.

Dr. Miles Yu:

That's right. So, this basically created a social discontent in 2019. A lot of people who demanded the Hong Kong government and to stand up to Hong to China to ask for more democracy and election, fair election. So that's basically those are 47 people on trial. They have all been detained after that because China passed the law and imposed on Hong Kong national security law for Hong Kong. So, these 47 people were essentially the main leaders of this social activism.

Wilson Shirley:

And they come from across their journalists, people who are running for office. It's a pretty wide spectrum.

Dr. Miles Yu:

This trial right now, as we see in Hong Kong that started last week was particularly alarming because previously many of them have already been sentenced to short term imprisonment for different kind of violations according to Hong Kong's law, years, two years three years, this one, the trial, the sentencing guideline dictates is going to be very long. Basically for many of them will be life term.

Wilson Shirley:

And some of these people are young, like Joshua Wong is one of these people.

Dr. Miles Yu:

That's right.

Wilson Shirley:

He is very, very young.
So the purpose of this trial is to once and for all destroy any future of Hong Kong's democratic movement.

Wilson Shirley:
Yeah, it's really terrible.

Dr. Miles Yu:
So, this is very terrible and I'm actually outraged that we don't have enough outrage internationally. Because this means the ultimate end of Hong Kong's high degree autonomy and any future of democracy,

Wilson Shirley:
It's something to look at in terms of whether or not promises like the sign of British joint declaration are worth anything, which it seems they aren't. But we have to wrap this segment up. But I do want to do one final note in this episode. I thought that we had left balloons behind us smiles, but by the time this episode comes out, there may be more balloons up in the sky. I think that four total have been shot down or some flying objects in the sky over the United States and Canada and the United States House of Representatives has issued a pretty strong condemnation of the CCP and what has been going on with the Chinese spy balloons flying over the United States. So, I wanted to get to that because I think it was 419 to zero in the US House of Representatives taking China to task for a brazen violation of the United States sovereignty. So, following up on the balloon story from last week, which has been dominating the headlines for a while and may continue for a little while to come, what's your takeaway from the house vote?

Dr. Miles Yu:
The house vote continues a pattern that's been going on in the last five or six years. It's actually bipartisan because this trend started in the Trump administration and continue on to the Biden administration. This means that even though our country is deeply divided, it's very partisan on virtually every other issue. But on China it is remarkably united.

Wilson Shirley:
Yeah. I don't think you can get 419 congressmen to vote together to rename a post office. That's a pretty solid block.

Dr. Miles Yu:
To name who should be the real winner of the Super Bowl. So, you have that kind of controversy. So, the country, America is a true democracy because it's half a half on everything. It's a 50-50 country. Right. But on China, it's a hundred percent. Now, this pattern actually started at the early period of the Trump administration. Virtually every single China related bill in Congress has passed unanimously.
Things like the Uyghur Force Labor Act, other bills like that one.

**Dr. Miles Yu:**

Taipei Travel Act, Hong Kong Freedom Democracy Act. This is a pattern. So, I think the ballooning balloon incident <laugh> has really sort of had this remarkable effect of further solidifying the unanimity and the national consensus of non in nature, and I think that's a good thing.

**Wilson Shirley:**

I think it's cemented. There was an elite consensus in DC that we just talked about, but also among the American people as well, kind of an awakening. You described it as a Sputnik moment last week.

**Dr. Miles Yu:**

I hope the Chinese government will watch this, right. With some kind of sanity. Don't just say it's the Biden administration, it's just the executive branch. It's just a few sort of anti-China elements who basically fan this kind of a sentiment. It is a national consensus. The Chinese government should look at itself in the mirror and figure out what the heck was going on. What's the source of this united front in the United States, right. Unfortunately, I have to report that that level of self-awareness is abysmally lacking.

**Wilson Shirley:**

Not apparent right now

Yeah. Well, I'm sure that we're going to see more action out of the house. We already saw a bill go through to cut off US government from selling crude oil from the Strategic Petroleum reserve to China. That went through in the 118th Congress. We've got the House Select Committee. So, it's obviously going to be an issue that continues to bring people together on both sides of the aisle in the United States. That's all we have time for this week. Miles, thank you so much. It's been a pleasure doing 10 episodes with you, and I look forward to many more.

**Dr. Miles Yu:**

Thank you, Wilson. The pleasure is mine.

**Wilson Shirley:**

Thanks for tuning in to this episode of the China Insider, a podcast from the China Center at Hudson Institute. We appreciate Hudson for making this podcast possible follow miles and all of the additional great work we do at hudson.org. Please remember to rate and review this podcast and we'll see you next time on the China Insider.