The PRC's Pandemic Chaos, the Reopening, and What to Expect from the 118th Congress

China Insider #5

TRANSCRIPT

Miles Yu, Senior Fellow and Director, China Center, Hudson Institute

Wilson Shirley, Media Fellow, Hudson Institute


About Hudson Institute: Founded in 1961 by strategist Herman Kahn, Hudson Institute challenges conventional thinking and helps manage strategic transitions to the future through interdisciplinary studies in defense, international relations, economics, health care, technology, culture, and law.

Hudson seeks to guide public policy makers and global leaders in government and business through a vigorous program of publications, conferences, policy briefings, and recommendations.
Wilson Shirley:

Hello, and welcome to the China Insider, a podcast from the China Center at Hudson Institute. Every week we look at a few stories you may have seen about China and some you may not have. We try to explain what's going on with the world's most populous country, how we got here, and what is to be done. I'm Wilson Shirley Media fellow with the China Center, and I'm joined by Miles Yu, the center's director.

It's Tuesday, January 10th, and the big story out of China continues to be the end of zero Covid. Today we're going to focus on the PRC'S vaccine policies and what to make of the data, or lack thereof coming out of Beijing. Next, At the same time that China is eliminating Covid policies, it's reopening to the rest of the world and removed its border restrictions. On Sunday, tens of thousands of travelers are flying in and out of international airports across the mainland. And finally, after 15 votes on the house floor, Kevin McCarthy won the speakership, and he's promised that China is going to be one of the top priorities for the 118th Congress. We'll talk about where he and his colleagues on both sides of the aisle should focus their attention over the next two years. Miles, how are you?

Dr. Miles Yu:

Very good, Wilson. And you?

Wilson Shirley:

I'm doing well, thanks. The first topic that we want to talk about today is what's going on in China with Covid. So, it's really hard to get an accurate picture of what's going on because the Chinese Communist Party has stopped releasing published data on daily cases, and it's, it's reported fewer than a dozen or so covid 19 deaths over the course of the last month. So I wanted to ask you first, what is your sense of what's happening on the ground and why are they so intent on hiding the reality from the rest of the world?

Dr. Miles Yu:

Well, their intent to hiding the reality because reality is contradictory to what the party is. So perception as invincible as all powerful and omnipotent. This has been the pattern of the Chinese Communist Party because they've always ruled the country, not only with brutality, but also with the extraordinary Hubris and arrogance.

Wilson Shirley:

It's interesting though, because it's so blatant what they're doing right now. There's not really a way to have any sort of plausible deniability that they're telling anything close to the truth. And one of the things that's really remarkable that happened over the last week or so is that even the World Health Organization said that this is completely implausible. There was a quote from the director, general Tedros, who said, the W H O is concerned about the risk to life in China. He said that the testing requirements that are being adopted by countries around the world, including the US, are entirely understandable. So what do you make of the W H O's interactions with China, especially since the let it rip policy as a lot of people have been calling it, has been put into place?
Dr. Miles Yu:

Well, WHO leadership has always been a cahoots with the Chinese leadership because they want to be nice to the Chinese leadership, and the current director whose rise to prominence is entirely owed to the Chinese support when the first run of election. So, they were sort of beholden to each other. However, WHO, as a global public health organization would lose its incredibly high reputation and total credibility if it did not stand up to the Chinese mendacity. I mean, look at this. The Chinese government says that in all of China, you have tens of thousands of infection, but the death the other day is one. While you have countless videos showing people dying in droves, China's sort of a dubiously booming business in China right now is funeral services because they're running out of incinerators.

Wilson Shirley:

That's really terrible.

Dr. Miles Yu:

So this is a very, very disturbance. So that's why WHO right now has gathered, some degree of courage to even demand China to release the data. This is not just a strategic ambiguity, this is strategic darkness. China is trying to hide the reality from the world. In the past, we thought that China would get away, but now what China is doing would have global significance and ramification to the entire world's health. So that's why there is a growing impatience with the CCP particularly about the infection data and vaccination data.

Wilson Shirley:

So let's talk about what's happening to the Chinese people right now. We've gotten a very, as you've said, strategic darkness in terms of what the actual numbers of covid infections and covid fatalities are. We've gotten a little bit of picture from a couple of sources, though. There was one in the province of Hanan that said that 89% of the 100 million residents in that province had gotten infected by Covid in the last month. There were notes out of the National Health Commission on December 21st that said that nearly 250 million Chinese people were infected between December 1st and December 20th. So, let's talk about how protected the Chinese population is from Covid, because the vaccines that are available in China are not the mRNA vaccines like Pfizer and Moderna that most people in Western countries have gotten. It's corona vac, it's sina pharm it's other vaccines. So, what kind of protection do the Chinese people have?

Dr. Miles Yu:

Well, their protections were very limited. I think it is inadequate probably is a good word to describe the situation you mentioned about China's vaccine. China basically has approved eight vaccines to be used. Two of them, as you mentioned, corona Vac and the Sinovac were most popular. But those two vaccines, they were based upon the original strain of the patients from Wuhan in 2020. Those original samples were denied to the west. So, in addition to try to hide the true origin of the virus, there's also another incentive that is for China to monopolize, to hoard original samples of the original patients in Wuhan so that China could have a dominance and total monopoly on the effective vaccine. But even with that, the Chinese scientists have
chosen the wrong approach. They use something called the inactivated vaccine vis-a-vis the MRNA approach widely used by Pfizer and Moderna, which is used by most of the world.

And the efficacy of the sinovac, according to Chinese, very limited clinical trial is they said about 79%. And that number is not even credible at the time. While the Pfizer and Moderna vaccines at the time of approval, their efficacy was 90%. Now, there's also another problem in China that its vaccination rate is very low particularly in comparison to the west, a particular category of population that is elderly population. In China, people 60 years and older, their vaccination rate is significantly lower than in America. For example, in the US the vaccination rate for people over 60 years was over 90% in China this summer about the 60 to 70%. So that's one of the reasons why you can see a lot of people in China, particularly some very prominent scientists, engineers, and senior leaders who are dying in China in droves.

Wilson Shirley:

So it's understandable why the Chinese people would distrust their government when it comes to vaccines, when it comes to data. But one question that I've had looking at the exact kind of stories that you're talking about, the lower vaccination rate in China is if there's one thing that the CCP is really good at, it's coercion. So why has the CCP not been able to successfully coerce the population into getting vaccinated, even if the vaccines, as you said, aren't as effective as what's available in Western countries? The reason we should say that they're not available, the more effective vaccines are not available in China, is that the Chinese government refuses to let them in, even though the United States is offered to donate these vaccines repeatedly.

Dr. Miles Yu:

Well, you have the benign interpretation that is government is ineffective, but there's also, you have the Macab interpretation that is China does not regard the elderly population as so-called worthy of. It's a healthcare resources. So that's a very, very malign, I think a lot of people actually hold that view inside China. You mentioned about the humanitarian offering by Western government, United States, Germany, Taiwan and even WHO have repeatedly offered China the Pfizer or Moderna vaccines. The Chinese government, they categorically refused to accept. So my guess is that China wants to use Western technology to develop its own mRNA vaccines right now, so they don't lose face. So, the sheer callousness of the government, it's pretty appalling not only to a lot of people in China, but also to the whole world. I think WHO has this increased amount of urgency when it appeals to China. You can see that.

Wilson Shirley:

Yeah, I think that's certainly true. And the callousness that you're talking about is nothing new. It goes back to Mao obviously and continues too today. But there's an interesting event that's happening at the same time that Covid is spreading throughout China while people are getting ready to travel and are traveling ahead of the new year. And that is that China has opened up its borders to the rest of the world. So on Sunday, they opened up the borders, they stopped a lot of the restrictions, a lot of the quarantine requirements, and tens of thousands of travelers are flying in and out of international airports throughout China. So, China has reopened in 2023. What does that mean going forward?
Dr. Miles Yu:

I think it really means that a lot of things, what is supposed to be a temporary major of lockdowns and closures has a tendency to become permanent and not really spook the Chinese leadership. Because when China which is the only major country in the world that remains this draconian major of lockdowns, not a while ago realized that its economy is in shambles, and many, many factories or plants were closed down in China not temporarily, but permanently, because the government has lost its credibility. Western companies, major companies were also free in China at the alarming rate to the Chinese government. On top of that, you have massive layoffs in China across the nation. Just the other day, a pharmaceutical company in China which is Inland Metropolis. Lay off something like several thousand people who were so fed up and the wind on the street have a violent clash with the police. So with all this foreign capital flight and the permanent close of factories, I think the Chinese government realized the Chinese economic collapse is imminent. It might not be reversed, reversible. That's why they suddenly opened up China and sort of embracing the world to coming back.

Wilson Shirley:

So, let's talk about credibility a little bit. I've seen some stories of the last few days that are talking about what the CCP and X Jinping are trying to do is after they've seen the potential for economic collapse in China and the huge negative effects that Zero Covid had on the economy, this opening up that happened on Sunday is part of an attempt to play nice with the rest of the world. We've seen a slight softening of tone out of Xi Jinping and the Chinese Communist Party. So, do you think that there's any sincerity in that change of tone? Should we believe it? Or what do you make of the rhetoric that's coming out of Beijing?

Dr. Miles Yu:

Well, the Chinese Communist Party has a very little virtue, right? One of the worst parts of Chinese Communist Party is it really suffer from the severe poverty of credibility. I mean, it really has. A lot of things that China does is very opportunistic at times. It makes some sincere gesture, makes some empty talk of hot air, but then it reverts back to its original behavior pattern. Credibility has to bear some kind of consistency, and the consistency is not what the Chinese Communist Party has.

Wilson Shirley:

That's fair. So, I also seeing China reopen, just that phrase itself, made me think back to the history of China's engagement with the rest of the world. Going back to when the CCP took over in 1949, you had the opening when Nixon went in 1972, and then for these three years, it's kind of been the China that predated 72. In some ways, because it's been so closed, there's been so few foreigners in the country, so few journalists telling the rest of the world what's happening on the ground. So I wondered if you could go through from the CCPs takeover in 49 until today, how open has China been? How has that changed? How parallel is what we've seen over the last three years to what's happened in the past?

Dr. Miles Yu:
No matter what you do, China closed or open and up. It's not an open society. China said it has nearly four decades of economic engagement with the world, which is totally true. We have a massive economic dependency on China. But no international organization, no western market government has recognized China as a market economy because the economy is still a plan economy. China open up these factories for foreign investment and it can manufacture stuff for the Western society. But China's market is fundamentally closed to the west. China's a financial market its capital market, and it's education sector is many aspect of the open society, We're still not there. So that's why no matter how fancy you might go to you might see in Shanghai, in Beijing, you might have very excellent bagels or Starbucks coffee in Shanghai and Gungzhao. Every single move you go in there, you'll still be monitored. The presence of the state of the government control is always there. So, China, in real essence, has never been an open society.

Wilson Shirley:
So, let's talk about that control. One of the things that was at the top of the priority list when we were at the State Department was the principle of reciprocity in relationships between Beijing and Washington. And in Washington, Chinese diplomats have pretty free access. They can go where they want, they meet with people when they want to. It's much more restricted for US diplomats when they're in China. And that goes all the way from junior foreign service officers up to the ambassador himself. So, what kind of access do us diplomats have on the ground when they're in China? COVID Or no, COVID

Dr. Miles Yu:
China diplomatic can have a right to a free Rome in the United States. Yeah, really there's no any meaningful restriction at all. On the other hand, US diplomats have been constantly restricted. The US Ambassador cannot easily go to a university campus in China to make a speech. US consular officials were constantly harassed and no one can even talk to a citizen freely without risk and be questioned and pushed back. I mean, the reciprocity is something new that was implemented as a major approach to China only in the Trump administration, and I think I'm glad to see that happen. Just the other day, for example, China condemned various countries putting travel restriction on travelers from China auto precaution, because China is the only country that's seeing this massive outbreak of covid infections. China's government is doing exactly the same thing to foreign travelers to China. So, they have very little, if any, self-awareness.

Wilson Shirley:
Yeah, I think that's right. So let's pivot to the final topic for today, which is we have a speaker of the house, Kevin McCarthy, on the 15th vote won at the 118th Congress has begun its business, and one of the most interesting parts of the hundred 18th Congress is going to be the House Select Committee on China, which is a special committee headed by a congressman from Wisconsin named Mike Gallagher. And its sole focus is China. It's going to coordinate among the other committees. It's going to build on the bipartisan consensus that you've talked about. Gallagher has talked about the importance of having serious lawmakers from both sides of the aisle join the committee. So, what are your hopes for the New House select committee under Congressman Gallagher?
Dr. Miles Yu:

Well, Congressman Gallagher is a very intelligent person, and I thinking he would do a good job. On the other hand, I remain cautiously optimistic because we've had several similar committees before. In the previous Congress, for example, we had a congresswoman, Mike McCaul from Texas, who had a very good China task force. Unfortunately, the Democrats didn't play ball, so they didn't join. It was supposed to be a bipartisan committee, ended up being the only Republican committee. So, our hope that the Gallagher Committee would become bipartisan, otherwise it will still not be very effective. That's number one. Number two, what I'm hopeful is that I hope this new Congress would go beyond through mere responsive approach to specific issues dealing with China such as TikTok or fentanyl. We need something more strategic, more holistic. We originally needed a legislation placing, national security as the top impetus to restructure our economic, technological financial defense and the intelligence structure to deal with the CCP threat because the Chinese regime has an asymmetrical advantage toward a free, open and democratic society like the United States, because the Chinese government has the power to master the entire resources of the country to deal with the United States, and the US government cannot even order the shutdown of the TikTok without being charged by the court immediately.

So that's why we need something that took place more than half a century ago when we dealt with the Soviet Union. We completely restructured our economy, our education system, our science, our defense, and intelligence community. So I hope the new Congress will see something that's more strategic, more holistic, and to deal with this existential, unprecedented threat from China.

Wilson Shirley:

Yeah, I think that's a big picture, big picture idea that you're talking about and also specific things. And I think Congressman Gallagher has a bill to ban TikTok, but we'll see where that goes in the new Congress. He's also talked a little bit about wanting to get a little bit creative with this committee. So he discussed, you've talked about the financial system and the economic interdependence between the United States and China. He talked about having a field hearing in New York possibly engaging with the Federal Reserve in New York. He talked about maybe even having a field hearing in Taiwan to talk about how the US government should help to defend Taiwan in order to raise public awareness. So what new creative initiatives would you like to see out of this committee that you haven't seen before?

Dr. Miles Yu:

Yeah. I think to raise public awareness is important, but I think we have past that stage. Moreover, I mean a mm-hmm national consensus that China is a threat. I think right, now facing this nation is really to come up with the specific solutions along the lines that I just suggested earlier. And I'm glad that the Congress is doing that job, but then from the industry, from the university, from the technical sector, we all have to come together to do it. So, I hope that the administration as well as Congress can be the leader in getting together the national resources to come up with the holistic approach to the China threat.

Wilson Shirley:
I think you're right about that national awakening, and we'll see how effective this committee can be based on who both the Republicans and the Democrats choose to join it and to work with Congressman Gallagher going forward. So, there's a lot to watch in the 118th Congress. There's a lot to watch as Covid continues to go through China and as China reopens in whatever way it has to the rest of the world, and we'll continue to talk about it over the next several weeks. Thanks, miles. Looking forward to next week's episode.

Dr. Miles Yu:

Good to talk to you again, Wilson.

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.