Failing to Treat: Why Public Hospitals in China Do Not Work*

Wai-keung Tam

Abstract

This article examines the institutional origins of the prevalent failures of Chinese public hospitals to treat indigent patients from the perspective of changes in the demand and supply of affordable health care. On the demand side, the breakdown of the Maoist health insurance system and insufficient incentive and neglect of the post-Mao regime to rebuild an effective health safety net, together with the collapse of the triage in the reform period, have contributed to an enormous growth of the demand for affordable health care. On the supply side, a weakening of government financial commitment to the health sector since the mid-1980s has undermined the motivation and capacity of public hospitals to provide affordable health services, as many hospitals run on commercial lines and physicians act like entrepreneurs. The article further argues that these changes in the demand and supply of affordable health care illustrate the shrinkage of the post-Mao government’s responsibility for welfare provision to the general public.

Wai-keung TAM is a Ph.D. candidate in Political Science at the University of Chicago. His research interests focus on China’s politics and public policy, and law and society.

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