

# Serve the People: Understanding Ideology and Professional Ethics of Medicine in China

Jingqing Yang

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**Abstract** The article explores the communist ideology that has guided the formation of professional ethics of medicine in China. It first explores the constitutions of the People's Republic of China and the Chinese Communist Party and codes of practice for medicine enforced since 1949, showing that the core of the ideology in relation to health provision and doctor–patient relationship has always been 'serving the people wholeheartedly'. The ideological undertaking, however, has never been successfully exercised. In the pre-reform era, the bureaucratisation of health professionals led to the emergence of 'bureaucratic medicine' featuring negligence of patients' interests. In the reform era, the prevailing commercialisation of health care is in fundamental conflict with the ideological commitment to serving the people. As a result, the socialist professional ethics of medicine has not been satisfactorily practiced in reality.

**Keywords** Professional ethics · Ideology · Medical professionals · China · Power

## Introduction

The ethics of the Chinese medical profession has been guided by and fashioned in accordance with the Chinese Communist Party's (CCP) ideology since the establishment of the People's Republic of China (PRC) in 1949. At the centre of the professional ethics there has been a political demand, imposed by the CCP, for doctors to serve the people wholeheartedly and unselfishly. In the pre-reform era (1949–1978), public ownership of means of production and resources and a

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J. Yang (✉)  
Faculty of Arts and Social Sciences, University of Technology, Sydney,  
Broadway, P.O. Box 123, Sydney, NSW 2007, Australia  
e-mail: Jingqing.yang@uts.edu.au

command economy were established to facilitate the CCP's ideological commitment to serving the people in health care, but the bureaucratisation of health professions led to the emergence of 'bureaucratic medicine'. Since 1978, the Chinese economy has undergone profound changes brought about by market-oriented reforms in almost every economic domain, including health care. In the meantime, however, the guiding principles for professional ethics of medicine continue to be those inherited from the command economy, featuring an emphasis on serving the people selflessly. Consequently, the market-oriented health care reform has created a dilemma that has long confused the medical profession, misled health policymaking, and partially caused the public outcry over the health reform. This paper examines the ideological core of the ethics of the Chinese medical profession in the pre-reform and reform eras, arguing that the organisational and economic structures in both eras did not provide optimal institutional and policy environments to facilitate the exercise of the ideology of professional ethics in health care.

### **Professional Ethics in Pre-Reform China: Serving the People and the Emergence of Bureaucratic Medicine**

Since the establishment of the PRC, the Chinese Communist Party committed itself in ideology and in reality to providing health care services to the people. In ideology, the commitment is reflected in the PRC's Constitution, which was first promulgated in 1954. The Constitution defined the nature of the PRC as a 'People's democratic country led by the working class on the basis of alliance between the workers and the peasants' (Clause 1), and promised that the labourers of the PRC had rights to material assistance when in old age, sick or losing working capacity. Social insurance, welfare and health were the responsibility of and would be established and operated by the state, which would gradually expand the infrastructure for these responsibilities in order to ensure that labourers enjoyed these rights (Clause 93). In connection with the economic goal to establish a socialist economy characteristic of 'ownership by the whole people', the constitutional undertaking in health care should be understood as that the entire health-care services should be owned, operated and delivered by the state.

The PRC's constitutional commitment to the state provision of health care to the people was apparently a reflection of the CCP's undertaking to serve the people. This undertaking is contained in the CCP's constitutions. In spite of numerous amendments and re-writing to reflect political priorities and environments of different periods, the CCP Constitution has always required the members to understand the identification of the Party's interests with the people's interests, and demanded that members serve the people wholeheartedly. 'Serve the people wholeheartedly' (*quanxin quanyi wei renmin fuwu*) has been a consistent commitment of the CCP towards the people. This commitment needs particular attention here for it has been obligatory not only for all party members but also for non-party members who serve in the Party-state organs, including the health-care system.

To serve the health needs of the people became the ideological guideline for the making of health policies, the organisation of health-care resources, and, most importantly, the foundation of the principles of health care in China. Within the state's and the Party's constitutional frameworks, the CCP made efforts in two aspects in the process of building a health-care system for the people. The first aspect is the provision of state and collectively financed health insurance; the second is the nationalisation of medical resources, both material and human.

To improve the health status of the whole population, the CCP took policy initiatives since the early days of its ruling to establish public health insurance schemes intended to cover the whole population. By 1975, two insurance schemes and a rural cooperative medical system had covered approximately 90% of the whole population [59], an achievement that was highly commended internationally [54, 57].

The most profound impact on the medical profession came from the nationalisation of medical human resources. When the CCP came into power, it sought to establish a 'perfect publicly owned society' [3] in which the needs of the population were met by the nationalisation of key resources and the planned distribution and utilisation of these resources [58]. Drawn from the Soviet Union experience [6], as well as from the fundamental ideology of communism, the CCP believed that the state monopolisation of health resources was the best way to improve and provide health services for the population. Since its very beginning, the Chinese party-state started the process of the monopolisation and nationalisation of health resources, including human resources. The nationalisation of medical human resources, particularly medical professionals, progressed along two lines: the absorption of private practitioners into state employment [37, 61] and the complete control by the state of education and employment of new practitioners [14].

Nationalisation contributed greatly to the establishment of a modern health care system and the significant expansion of health services to cover a greater population prior to 1978 [5, 53, 57]. In terms of health human resources, national control of medical educational systems and programs allowed the government to increase the supply of health workers in a cost-effective way and rationalise medical posts geographically to increase equality and accessibility to health care. For instance, the state monopoly and control allowed the government to direct needed medical human resources to carry out its prevention first policy, and to send urban-based doctors to rural areas on rotating basis to train rural health workers and provide high quality services. There was little doubt that many medical professionals received their education and socialization under the CCP's regime willingly pursued the political goals and followed the ethical codes of conducts set by the CCP. They served the people with political enthusiasm and their services were duly recognised by the government, as reflected in the stories of model health workers publicised in Chinese newspapers (e.g. *Jiankang bao* [Health News, a daily newspaper published by the Ministry of Health]) between the 1950s and the 1970s.

As in other (former) socialist countries, such as the Soviet Union [17, 18, 52], the public employment of health human resources in a socialist regime severely restricts the organisational autonomy and power of the medical professionals, rendering the medical professionals powerless organisationally, politically and economically. In

terms of professional ethics, codes of practice are no longer in the hands of professionals, but have been formulated and administered by the government. Consequently, ethics for medical professionals reflect the moral and behavioural standards that the CCP demands them to achieve rather than representing a social contract between them and their clients.

Even before health professions were completely nationalised, they were under political pressure to meet the CCP's commitment to serving the people. In a speech addressed the First National Health Conference in 1950, He Cheng, Vice Minister of Health, said, 'Among health workers, as among other workers, a widespread political study and ideological rectification should be carried out in order to correct the misunderstanding that medical and pharmaceutical personnel have little to do with politics. Revolutionary humanitarianism must be promoted (among them)' [26, preface]. In correspondence to He's speech, a teaching material was compiled to guide the ideological rectification of medical workers. In the preface, the compiler stated, 'The book contains eleven articles, addressing the necessary stance, viewpoints and ideological methods that health workers should possess. That is, we should first establish the proletariat stance, establish the viewpoint of (serving) the mass, and then profoundly criticise the residual capitalist medical philosophy from the past or the present, and set up the new thought and practice of serving the people' [26, preface].

As a result, the CCP's commitment to serving the people became the core of the medical professional ethics in the PRC China. Ideologically, the doctor–patient relationship was (and is still) defined as one 'to serve the people wholeheartedly'. In 1958, the Ministry of Health enacted the 'Duties of Staff of General Hospitals', which delineated the duties for all hospital personnel, from hospital director to personnel in logistics and financial units in a hospital. It is stated in the preamble that the duties were formulated in accordance with the health policy of establishing 'the medical attitudes of serving the people wholeheartedly'. Among the hospital director's duties, he or she was required to be 'responsible for the overall operation of the hospital in accordance with the policies of operating the hospital in an economic way and establishing in the hospital the medical attitudes of serving the people wholeheartedly' [41, p. 33]. Throughout the pre-reform era, no particular codes of practice were devised and enforced for the medical profession, but the 'Duties of Staff of General Hospitals' can be viewed as an equivalent.

The public employment of the medical profession was a double-edged sword. On the one hand, the profession, as well as other health professions, was powerless in face of the state's control and interference. Professions were not allowed to organise corporate associations to represent the interests of individual professionals. Collective bargaining and other forms of open negotiation with the state, the Party and the public employers were out of the question. It was in this context that the CCP's ideological requirement of 'serving the people wholeheartedly' was imposed on the medical profession as the overarching principle of professional ethics. On the other hand, the medical professions were not only nationalised, but also bureaucratized. Every publicly employed medical professional became a medical bureaucrat, representing the state authority in the medical field. China's health-care system was operated through work-units, such as hospitals and clinics. In a medical work-unit,

each doctor can be regarded as an individual representative of state authority, although they also form part of the human resources of the hospital and are in the possession of the state. The professional power and authority that a doctor exercises in his or her work is granted by the Party-state.

The Chinese health care system was a totalitarian bureaucratic system. Generally, the health-care system has four vertical levels of power: the state, the work-unit, professionals, and patients. The state dictates the work-unit; the work-unit controls professionals; professionals dominate patients. General patients are at the bottom of the power pyramid. The nature of totalitarianism and the hierarchical structure of power delegation do not encourage any open challenge to the power and authority of upper levels on the power ladder. In general, patients (with the exception of Party elites) are not supposed to challenge the power of doctors; doctors not that of their work-units; while work-units do not challenge that of the state.

As public employees in institutional work-units, qualified medical professionals gained the identity of state cadre which separated them from the masses. In the PRC's political system, the identity of cadre not only was a symbol of new social status, but also represented the Party-state power and authority in a professional domain, and other special benefits that came with the status, such as food and housing. Although ideologically professionals were required to be responsible for the people, the employment, remuneration and redistribution modes rendered doctors dependent solely upon the state for livelihood, benefits, rewards and welfare [32, pp. 48–88]. No mechanisms were established to empower patients and to protect their interests.

As representatives of the totalitarian Party-state's power in medical fields, doctors dominated the doctor–patient relationship with little accountability. This led to the emergence of 'bureaucratic medicine', characteristic of 'bureaucratism'. 'Bureaucratism', in the CCP's terminology, is defined as a 'work style of the leadership characterized by being divorced from reality and from the masses and paying no attention to their interests...' [15, p. 714]. Originally, bureaucratism was a CCP's self-criticism of the work style of some of its leaders and middle-level administrative and military cadres. With the CCP coming to power, this work style was found in all types of bureaucratized institutions and among the people with bureaucratic authorities. The most striking feature of bureaucratism is indifference to the people's interests, contrary to the CCP's ideology.

Towards the end of the 1970s and the early 1980s, complaints about 'bureaucratic medicine' started to appear in the media. Hospitals and medical workers tended to view medicine not as a service that the people deserved, but as something they bestowed upon the people [34]. Health institutions and their staff believed they had the latitude to 'bestow' or not. For example, *Jiankang bao* (Health News), an organ of the Ministry of Health, published in October 1981 a series of reports, comments and editorials on a story about a patient with an injured finger being turned away by seven hospitals because the incident happened at midnight [4]. The patient accused these hospitals of practising 'bureaucratic medicine' [13]. One commentator tried to provide reasons for this and many other similar incidents from an 'objective perspective'. One of the major reasons he blamed the incident on was that the work of the medical personnel was not bound legally and supervised by the people. The

egalitarian ‘big rice bowl’ employment and remuneration system exempted doctors from legal and economic punishment for malpractice, which was fully covered by hospitals. Under this circumstance, doctors did not have any economic pressure to be responsible for patients, and were not motivated to discipline themselves in their work. The commentator proposed the establishment of a legal framework to regulate the conduct of doctors, and proposed that patients should be empowered to monitor the work of doctors [23]. Another commentator gave a summation of inappropriate activities among hospitals and doctors. He stated:

Some hospitals treat patients as ‘balls’ and kick them around (i.e. sending them to other hospitals without providing treatment); some doctors are extremely careless in diagnosis, or administer wrong injection or medicine. When serious mistake and malpractice have been made, [hospitals and doctors] cover each other, attempting to ‘turn major problems into small ones and small ones into no problems at all’ [33].

Bureaucratic medicine was not the only contributing factor to the emerging complaints about professionals’ failure to follow the ethics of serving the people wholeheartedly. As medical bureaucrats, medical professions had little collective and political power against the state and the totalitarian bureaucratic system. Politically, the Party-state did not trust knowledge workers throughout the pre-reform era. Political movements persecuting intellectuals (a social category that includes medical professionals) were staged one after another. Political persecution of intellectuals peaked in the Cultural Revolution between 1966 and 1976, and drastically demoralised health professionals.

Economically, health professionals were not better off. As their counterparts in other former socialist countries, such as the Soviet Union and its bloc [18, 19, 52], the health professions had to accept whatever economic terms the Party-state and the system imposed on them. In the first wage reform in 1956, the state set higher wages for health professionals in comparison with other occupations. Towards the end of the 1970s, however, the advantage had disappeared. According to a survey carried out in 1979, the wages and benefits of medical technicians (including medical and caring professionals) of Beijing municipal hospitals were lower than those of industrial workers. A report on the survey particularly pointed out that since 1956 there had been five rounds of pay rises nation-wide. Health technicians were deliberately excluded from three rounds, or the percentages of their wage rises were lower than other occupations [8]. Low salaries further demoralised health professionals [39].

Politically and economically demoralised health bureaucrats at the same time enjoyed bureaucratic power over patients, with inadequate supervision and regulation and little accountability. The combination of these factors provide little motivation and incentive for doctors to serve the people wholeheartedly.

### **Professional Ethics in the Reform Era: Serving the People or the Market?**

In the reform era, the contradiction between socialist professional ethics and bureaucratic medicine is gradually replaced with one between continuously

ideological emphasis on socialist professional ethics and the commercialisation of health care. On the one hand, Chinese health care has undergone fundamentally economic changes, including the collapse of public health insurance systems in both rural and urban areas, the reduction in health investment by the government and the soaring health expenditure, and the widespread commercialisation of health facilities [21, 59]. On the other hand, ideological and political changes have not been as substantial [25]. The CCP retains ideological commitment to the health of the people, which is very much a continuation of the ideology of the pre-reform era. Politically the CCP continues to assume domination over almost every aspect of the medical profession. The clash between liberalism in the economy of health care and totalitarianism in the health ideology and politics of health care has created tremendous tension in the power relations between the profession, the state and the public.

The constitutional commitment to the health of the Chinese population continued into the reform era. The amended PRC Constitution enforced in 2004 continuously proclaims that China is a socialist country of people's democratic dictatorship led by the proletarian class on the basis of worker-peasant alliance (Clause 1), but the commitment to the nationalisation of economy is abandoned. Instead, the state exercises a socialist market economy. In terms of health care, the Constitution withdraws slightly from the firm stance of the 1954 Constitution, claiming:

The state develops medical services and health care, develops modern medicine and the country's traditional medicine, encourages and supports rural collective organisations, state-owned productive and institutional organisations and neighbourhood organisations to establish and operate different types of medical and health facilities, carry out mass health activities, and to protect the health of the people (Clause 21).

In spite of the slight withdrawal from the 1954 undertaking that the state provide health care, the 2004 Constitution nevertheless obliges the state to protect the health of the population.

The government's obligation to the people's health is more clearly expressed in the 'Resolution of health reform and development' jointly formulated by the Central Committee of the CCP and the State Council in 1997 [7]. The 'Resolution', which has been regarded as the health reform guideline, opens with the announcement that 'everyone enjoying health care and continuous increase of national health condition is a significant indicator of the construction of socialist modernisation'. The goal that the Party and the government undertake to achieve in health care is

following firmly the Party's fundamental lines and policies, to unintermittedly deepen the health reform under the guidance of Marxism-Leninism, Mao Zedong's Thoughts and Deng Xiaoping's theories of constructing socialism of Chinese characters. By 2000 ... it should be realised that everyone has access to primary health care.

The fundamental principles that health reforms must follow include 'serving the people' and 'centring around improvement of the people's health condition'. Skilfully, the 'Resolution' does not obligate the Party and the government to take

full responsibility for the health care of the people. Nonetheless it does not relinquish the Party-state's ideological commitment to the health of the population.

In the reform era, professional ethics have been continuously guided by the CCP's ideological call for its members to serve the people. Codes of practice have been formulated and enforced by the government. In 1981, a new concept—socialist medical ethics (*shehui zhuyi yide*)—was formulated in the wake of the First National Medical Ethics and Morality Conference [51], and has been the overarching guidance for medical professional ethics since then. Socialist medical ethics was defined in 1981 as 'serving the people wholeheartedly, healing the wounded and rescuing the dying, preventing and treating disease, and exercising revolutionary humanitarianism' [38].<sup>1</sup> In this definition, 'serving the people wholeheartedly' is the fundamental characteristic that 'distinguishes the socialist medical ethics from the medical ethics of all exploiting class societies. In a socialist country, the people is the master of the society. Serving the people is the goal that each medical person must pursue all the time, and is the essence of the principle of socialist medical ethics and codes of practice' (*ibid.*). To date, this definition has not considerably changed. The socialist medical ethics continues to be the fundamental guidelines for medical professional conduct and continues to be defined in the same light. For example, in a popular textbook of medical ethics for university students, medical professional ethics is defined as 'preventing and treating diseases, healing the wounded and rescuing the dying, practicing medical humanitarianism, and serving the people's health wholeheartedly' [51]. The differences between the definitions are the replacing of 'revolutionary humanitarianism' with 'medical humanitarianism', and the replacing of 'serving the people wholeheartedly' with 'serving the people's health wholeheartedly'. The replacements reflect political changes in the CCP's ideology, but they do not change the core of the definition.

Since 1981, codes of practice for medical and health professions have been formulated and amended, itemised and expanded in light of the concept of the socialist medical ethics. In October 1981, the Ministry of Health published the first code of practice for medical professions—'Code of practice and rules of medical ethics for hospital workers' [51, pp. 271–273]. In 1985, the Ministry of Health enforced the 'Rules for hospital workers', which had only eight rules. Rules One to Three are of particular relevance to the current research. Rule One required hospital workers to 'love the motherland, love the CCP, love socialism, and adhere to Marxism and Mao Zedong's Thoughts'. Rule Two demanded the workers to 'study politics diligently, and to perfect professional work in order to be both red and specialised'. Rule Three encouraged them to 'carry forward the revolutionary humanitarianism of healing the wounded and rescuing the dying, to sympathise with and respect patients, and to serve the people wholeheartedly' [44].

In 1988, the Ministry of Health formulated and enforced the code of practice for medical personnel in particular [45]. The code contains thirteen items. Item 3

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<sup>1</sup> 'Healing the wounded and rescuing the dying, and exercising revolutionary humanitarianism' (*jiu si fu shang, shixing geming de rendao zhuyi*) was the words that Mao Zedong dedicated in 1941 to the first graduates of the Chinese University of Medical Science after it changed name from the Red Army Health School.



prescribed the ethical conduct in seven sub-items. The first four of the seven good practices required doctors

1. To heal the wounded and rescue the dying, practise revolutionary humanitarianism. To think for the patient all the time and to try every possible way to free the patient of disease and pain;
2. To respect the integrity and rights of patients, and treat them equally regardless of nationality, sex, occupation, status and wealth;
3. To provide services with good manners...;
4. To be clean and honest in serving the public, to obey rules and laws, and not to abuse medicine for personal gain.

These seven rules are further itemised and standardised in the guidelines for establishing the ethics evaluation system for doctors, published in 2007 by the Ministry [47]. The guiding principles for the ‘Guidelines’ are stated to be derived from Deng Xiaoping’s theory of preliminary stage of socialism, Jiang Zemin’s ‘important thought of “Three Represents”’<sup>2</sup> and Hu Jintao’s socialist outlook on honour and shame and the scientific outlook on development. The professional conduct of doctors is evaluated in light of the seven sub-items provided in the 1988 code of practice. The evaluation contents for each sub-item are given in detail. For sub-item 1—‘to heal the wounded and to rescue the dying, and to serve the people wholeheartedly’—doctors are expected to ‘strengthen the study of political theories (i.e. the ideological contributions of all the great CCP leaders) and professional ethics, in order to establish the conscience of healing the wounded and rescuing the dying, centring on patients, and serving the people wholeheartedly...’.

In the new era, a new moral requirement has been developed and added to the fundamental ideology. The new requirement is expressed in a political slogan called ‘*wusi fengxian*’, which means ‘unselfish sacrifice’. The apex of the application of this moral standard was in the period of SARS in 2003. Medical professionals were called upon to ‘sacrifice selflessly’ in the battle against SARS. Those who contracted the disease through treating the infected were highly commended for their courage, the willingness to selflessly sacrifice themselves to serve the people, and to practise the ‘important thought of “Three Represents”’ that the former President Jiang Zemin contributed to the communist ideology [9, 12, 22, 35, 46, 49]. Since then, ‘unselfish sacrifice’ has become the moral standard that the public and the state expect medical professionals to exercise every day.

Since 1978, the CCP’s political bias against intellectuals has gradually eased and then ceased. Health professionals have gained increasing respect from the state, but their collective power remains very weak until today, despite the establishment of the semi-governmental organisation of Chinese Medical Doctors’ Association in 2002. The majority of medical professionals remain public employees in the state-run health institutions. Collectively, health professions continue to be powerless and

<sup>2</sup> ‘Three Represents’, first pronounced by Jiang Zemin in 2000, states that the CCP always ‘represents the development trends of advanced productive forces’; ‘represents the orientations of an advanced culture’; and ‘represents the fundamental interests of the overwhelming majority of the people of China’ (quoted from <http://www.china.org.cn/english/zhuanti/3represents/68735.htm>). This theory was included in the CCP Constitution and the PRC Constitution in 2002.

have little bargaining power against the government as well as their public employers. Even with the health personnel system reform launched in 2000 which promised more autonomy for health professionals, the CCP has not loosened its control over ‘talented people’ (i.e. well educated professionals including doctors and nurses), as Hu Jintao asserted in a 2003 speech addressed to the National Conference of Work on Talented People [55]. It is in this power structure that the Party-state is able to continue to impose the CCP’s ideological goal of serving the people wholeheartedly on health professions.

The economic reforms started in the late 1970s, however, have brought about significant changes to the economy of health care to the point that the exercise of ‘serving the people wholeheartedly’ in everyday practice has become extremely difficult, if not impossible, for the majority of health professionals.

Health care has not been an emphasis of the CCP’s work in the reform era. An obvious indicator of this neglect is that health care was barely mentioned by Deng Xiaoping on any occasion. Health care has no place in the ‘Deng Xiaoping Theory’, which is the official term for the reform and economic development theory developed by Deng Xiaoping and enshrined in the ideology of the CCP. This legacy has been inherited by the successive leaderships. The state’s indifference to health care is a major reason behind the collapse of public health insurance systems. According to the Third National Health Services Investigation conducted by the Ministry of Health in 2003, only 29.7% of the Chinese population was covered by certain types of medical insurance, including commercial insurance. 70.3% of the entire population paid for medical services out of pocket [50].

With the decline in public health insurance coverage, there is a growing cut in government funding for the public health-care system and an increasing integration of market elements into the system. The total health expenditure has seen a steady rise since the early 1980s and its percentage in the GDP has increased from 3.28% in 1980 to 5.7% in 2000. With this increase, however, came the sharp decline of the government public health budget, which dropped from 36% of total health expenditure in the early 1980s to only 15.5% in 2000. In 2005, the percentage of state investment increased slightly to 17.9% [10, p. 575].

Until the early 1980s, public health facilities received subsidies to cover running deficits [36], although the government might not always pay the subsidies in full. Towards the late 1980s, hospitals were granted a fixed subsidy to replace flexible budgets [40, 43], which were extremely insufficient [36]. It is pointed out that while government budgets accounted for 30% of the revenues of hospitals in the 1970s and 1980s, in 2000, only 7.7% of their revenues came from the government budget [20]. At present, hospitals can barely receive any funding from the government. They have to generate literally all their income from fee-for-services.

The collapse of health insurance systems and the decreased government investment in health facilities have caused great difficulties for both users and providers. To address these problems, the state initiated contradictory policies. On the one hand, the health-care system is heavily regulated by the government in an attempt to contain costs and make health care accessible to people facing diminishing health insurance coverage [3, p. 46]. On the other hand, commercialisation has been strongly pushed through the health-care system. Public health

facilities are demanded to operate according to market principles. These reforms seem to have created more problems than they have solved, especially in the domain of pricing of medical services.

In the reform era, China's health facilities have some degree of economic autonomy, but they have little say with regard to setting the prices for most of their medical services and products [16, 36, 59]. The strict control has resulted in price distortion in consultation and service fees. A frequently used device to increase the health-care accessibility is for the government to mark down the value of medical services in order to keep prices low [27, 36, 58]. The Chinese government reduced medical service fees three times between 1958 and 1978. Consequently, in the early years of the reform era, the revenues from providing services were not enough to recover the costs of services [42]. The device is still in use. According to a study of unit costs of major health services in Shandong Province in 1994, the regulated hospital fees only allowed an average cost-recovery rate of 50%. Only 4% of services had their fees set above costs [36]. Ten years later, the situation was not much improved. A survey of 32 hospitals in Zhejiang Province in 2003 reveals that the regulated fees for 92.9% of surgical procedures could not cover the costs [24]. Setting medical service prices low seems to have been a major resort to contain cost, to appease the increasingly dissatisfied public, pursuant to the CCP's ideological commitment to 'serving the people'.

The effect of over-regulation, however, is readily offset by the government's encouragement of commercialisation. In the late 1970s, economic management was experimented with in many hospitals. In 1981, it was officially pushed through the health care system [43]. Health institutions were required to follow 'the natural law of economy' in management and provision of medical services and encouraged to use economic incentives to motivate their staff, although the government's interference with the pricing of medical services has continued to date [63]. In the early stage of the economic and management reform to public health facilities, an optimistic sentiment was widely felt that material incentives rewarding the hard-working staff through competition could improve the quality of services and the attitudes of health professionals towards their patients, and ultimately motivate them to follow spontaneously the 'professional ethics' of serving the people wholeheartedly because their efforts were duly recognised [1, 2, 31, 64]. But warnings against profit-driven activities also emerged. Hospitals were criticised for over-prescribing drugs and over-providing diagnostic examinations, and rejecting patients with chronic conditions in order to increase the turnover rates of hospital beds. Quality was said to have been sacrificed for the pursuit of quantity, which brought in more revenue than quality [29, 30].

In spite of the warnings and negative effects arising from economic management, economic reforms to the health care systems continued. In 1988, public hospitals were demanded to implement all forms of contracted responsibility systems, and were encouraged to set up special clinics to provide higher quality services for patients who could afford higher out-of-pocket fees. In terms of services using new technology and equipment, hospitals were also allowed to charge fees according to real costs (labour costs excluded) [48], which always means higher fees. In 1989, the fiscal reform in health care saw public health facilities being allocated fixed

budgets. The government was no longer responsible for the deficit of public facilities. Hospitals were allowed to keep the surplus of the budget but had to take responsibility for any deficits. At the same time, hospitals were permitted to generate and increase incomes through various forms of services, and to associate self-generated income with the benefits and welfare of staff. As a result, pursuing profits has become the common goal of public health providers [21].

According to the CCP's ideology, public health insurance schemes and public investment in health should be, and was the responsibility of the Party-state. However, in the reform era, government input in both domains contracted immensely, indicating that the Party-state actually abandoned its commitment to the health of the people. In the meanwhile, the CCP continues to pay lip service to its fundamental ideology and dictates public health facilities to shoulder the responsibility that the CCP has discarded. This contradictory demand is illustrated in the 'Resolution of health reform and development'. The 'Resolution' dictates that health reform and development must follow the principle of serving the people and correctly balancing the relationship between 'social effect' and 'economic returns', with 'social effect' coming before 'economic returns'. 'Social effect', in the CCP's terminology, refers to the communist commitment to public goods and the general welfare of the people.

As a result, public health institutions have been caught in a dilemma. If they follow the principle of 'serving the people wholeheartedly', they have to operate at a loss and thus cannot achieve the goal of economic development required by the economic reform. If they make profits to fund reform and development, they have to deviate from the principle of 'serving the people wholeheartedly'. When the hospital breaks down these political and economic goals and allocates them to individual doctors, the latter face the same dilemma. Consequently, both hospitals and doctors have to resort to activities that are not sanctioned by the Party-state to cope with the difficulty.

To motivate or coerce doctors to pursue profits, the government has encouraged public medical facilities to introduce performance wages. The performance wage is designed to link the individual's income closely with his or her economic performance, especially sales performance. Usually, a substantial part of the doctor's normal wage is converted into a contingent wage.

The wage scheme of a public hospital in North China provides an illustration. The hospital enacted a wage scheme in 2003 which only guaranteed 30% of the wages for doctors and nurses, and required them to find their own 'ways' in their work to earn the rest of the 70% or more. A medical position with a normal monthly wage of 1,700 *yuan* is only paid around 700 *yuan*. The rest of the salary has to be earned through prescription of drugs, tests, and other services. At the same time, there is an entire scheme of kickback rates for prescriptions. For instance, doctors get 11% for prescribing herbal medicine, 10% for pathology tests, 13% for injections and bandage changes, 17 *yuan* for CT, etc. Consequentially, doctors of some popular departments could pocket up to 10,000 *yuan* extra money per month as a reward for prescribing drugs and services, while others from the least popular departments could only receive 100 to 200 *yuan* 'kickback' from the hospital [12]. Wage schemes like this have been widely adopted to motivate doctors and as a

means to increase revenues for the hospital [28, 56, 60]. Under this circumstance, inappropriate activities in breach of socialist professional ethics become widespread. These activities have explicitly termed in the media as ‘corruptions’. In the Chinese health care system, inappropriate practices occur at both hospital and individual levels. Hospital-organised and sanctioned inappropriate practices include over-prescription, overprovision and overcharging. Individually organised inappropriate activities include taking drug kickbacks, moonlighting and receiving informal payments [62]. These organisational and individual inappropriate activities have plagued the Chinese health care system, and significantly undermined the government’s ‘undertaking’ to serve the people in health care.

## Conclusion

Throughout the CCP’s regime, the core of the medical professional ethics has been serving the people wholeheartedly and selflessly, but this ideological requirement has hardly been effectively practised in reality. In the pre-reform era, the nationalisation and bureaucratisation of the medical profession promoted the social status of doctors and their dominance over patients and resulted in the emergence of ‘bureaucratic medicine’, which features negligence of patients’ interests and wellbeing. In the reform-era, the policy shift to economic development has prioritised commercialisation of health care amidst proportional decline in public financing of health care. Medical facilities and personnel are pressured into pursuing economic goals at the expense of professional ethics. With the CCP’s persistence on its ideological commitment to ‘serving the people’ and its strict regulation of medical service pricing to contain costs, many of the popular economic activities that medical facilities and doctors pursue have been labelled as ‘corruptions’. The ideology of the socialist professional ethics which requires the medical profession to serve the people wholeheartedly seems to have lost its economic ground.

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