



## **SARS and East Asia's Four Transformations**

by Eric Teo Chu Cheow

The 1997-98 Asian Financial Crisis began a transformation of East Asia and East Asian societies; the effects of this crisis are still being felt in the region today. Five years later, East Asia is in the throes of another transformation, thanks to severe acute respiratory syndrome, or SARS. SARS is pushing this "revolution" even further in the four critical areas of politics, economics, society, and the regional mindset.

Politically, SARS is "opening up" East Asia further through greater transparency, accountability, and effective communication, while reaffirming the place and role of the state, effective statecraft, and governance. For example, the Singapore government has been transparent, on top, and in full control of the situation; it systematically broadcast the number of infected cases and deaths, and forcefully quarantined thousands of suspected cases, in order to detect, treat, and isolate the virus. Similarly, other ASEAN governments have stressed transparency in managing the SARS epidemic, from Vietnam (which did extremely well in containing the virus) to Malaysia and Thailand.

Even more spectacular was China's "kai fang" (opening up). After realizing the danger that SARS could pose to the country, the central government reacted swiftly by dismissing the health minister and mayor of Beijing, admitting mistakes, and taking stringent measures to contain SARS. Prime Minister Wen Jiabao, in a show of remorse and regret, even apologized for mistakes while attending a regional SARS Summit in Bangkok in late April, just as President Hu Jintao declared a "people's war" against SARS while touring hospitals, universities, and wards. In a way, the SARS epidemic helped crystallize some political reforms and the rule of law in China; the Communist Party appears to have opened up to public scrutiny and accountability, and there is hope that this trend could spread across East Asia, as politics stabilize and people's power and prerogatives emerge.

Governmental PR also improved. As SARS was a national threat, it took more than government decrees or decisions in Cabinet rooms or Parliaments to combat it: the public's understanding and support were needed as well. A new style of official communication was needed to reach out to the people; Singapore ministers used candor, humor, and even dialects to reach out and galvanize collective action. More sophisticated PR and effective communications could replace the heavy-handed autocratic methods of governance and a new style of "communicative governance" could be emerging in East Asia.

SARS has also helped underscore the primacy of the state in the management of the crisis, either through effective health measures or in handing out financial relief to the affected. Despite the winds of liberalism and the philosophy of "the small state," SARS reminds us in East Asia that the state could and should play a primary role in crisis management. A "re-emerging" state in Asia and effective statecraft are two important political facets of change in managing the rising aspirations of East Asians.

Second, SARS is putting to the test the East Asian economic strategy of a "second pillar of growth" that emphasizes domestic demand and consumption. Long known as exporting economies, East Asia realized during the Asian financial crisis that it also had huge untapped potential in its own domestic demand, as the aspiring Asian consumer possesses rising income and discerning consumer tastes. An overdependence on exports as the main contributor to growth could be risky and unsustainable. East Asian countries, other than Japan, developed a new strategy to enhance domestic demand and consumption to drive growth. China followed suit by encouraging its rising middle class to consume.

The SARS epidemic is testing the maturity of East Asian consumers and their governments' economic strategy of balancing exports with domestic consumption. East Asian consumption, except in Japan, has increased incessantly since 1999 and even more spectacularly than exports, fueling spectacular growth. But with SARS, the confidence to consume, invest, trade, service, and interact appears to be at risk. Domestic demand and consumption, and consequently investments and employment, especially in the services sector, have plunged, affecting growth and even social stability, as is widely feared in China. Moreover in macroeconomic terms, East Asia's dependence on the Chinese market to propel regional growth has been underscored.

Third, SARS is also revolutionizing the sociology of work and play. While East Asians have always placed a primacy on hard work and diligence, the current epidemic has underscored the quality of life and changed work habits. Health and a less stressful lifestyle could be the silver lining of SARS, as East Asians realize the fragility of their immune system in a work-loaded and stress-filled environment; a weak immune system could more easily induce SARS. Regular exercises, spas and massages and more outdoor sports and leisure activities (instead of the once-preferred air-conditioned places) will become ever more popular. In urban Asia, lifestyles are changing, as health, stress alleviation, and regular exercises take on new dimensions.

Furthermore, sociological changes are taking place in the urban Asian work place. The East Asian worker will increasingly benefit from IT to work smarter and spend less time in the office, so as to be flexibly employed, while

maintaining productivity. The virtual world (in limiting physical contact for fear of contracting and spreading epidemics) is gaining ground in work places and business dealings. The trend toward “flexible work and employment” could reinforce a healthy lifestyle and a more congenial society, but only if unemployment does not increase social stress and become a national scourge.

SARS is also creating social cleavages and tensions. The road blocks set up to prevent Beijingers from traveling to the surrounding rural areas, as well as the fear of city-dwellers in Guangzhou of neighboring Guangdong peasants (who are perceived to have caused this outbreak) are clear examples of this increasing social cleavage. This cleavage is dangerous for a modernizing economy like China, and could lead to dislocations and instability given the increasing social inequity between cities and the countryside. Should a similar epidemic situation develop in ASEAN (especially in “socially fragile” countries, like Indonesia, the Philippines, or Vietnam), Asian societies could become more vulnerable, fragile, and divided.

SARS is also dividing urban societies in East Asia, as the traditional community and communal spirit seems to be flagging. In Singapore and Taiwan, there have been reports of people shunning neighbors who are suspected of being SARS-infected. In China, there have been reports of “witch-hunts” for suspected SARS-infected people, and “neighborhood watches” have been mounted in Beijing and Taipei, and even mooted in Hong Kong and Singapore. A climate of suspicion and fear could dangerously emerge in these “communal” Asian societies. In fact, discrimination against health care workers became such an issue in Singapore that the authorities had to launch an official campaign to encourage its citizens to acknowledge their contributions; similarly, Taiwan and Hong Kong have officially honored health workers who had died recently. Given that the authorities' hand in dealing with the SARS epidemic appears to have been strengthened, with greater public backing, as were the cases in China and Singapore, the state has become sociologically more powerful and determinant. It remains to be seen how democracy and “communalism” will be “balanced” in East Asia.

Last, East Asia's regional mindset is also changing; the SARS epidemic has offered three useful lessons. As the spread of SARS has shown, the longer-term goal of an East Asian Community may already be crystallizing, thanks to increasing people-to-people contacts and the freer movement of goods, services, tourists, and expatriates. East Asian governments' should in fact consider “freeing up” borders, and facilitating interaction and interdependence, while actively cooperating to resolve cross-border problems.

Second, for the whole region to take off, there should be a redistribution of wealth, development, and social and health benefits; otherwise richer regions would never be exempt from social problems that could originate in poorer and lesser-developed areas. Social and income equity should be urgently addressed. Third, East Asia's economic growth and recovery this year could stall if regional countries succumb to excessive fears of contagion, close their borders, and restrict the movement of people, goods, and investments flows. Confidence, closer economic coordination, and cooperation are necessary, as the recent ASEAN Summit on SARS in

Bangkok has demonstrated. A regional mindset is thus taking root.

The SARS epidemic is beginning to transform East Asia even further, after the region's “big revolution” during the Asian Financial Crisis. East Asians could see further monumental political, economic, social, and mindset transformations in the coming years, thanks to SARS.

*Dr. Eric Teo Chu Cheow, a business consultant and strategist based in Singapore, is also Council Secretary of the Singapore Institute of International Affairs (SIIA) and Resource Panel Member of the Singapore Parliamentary Committee on Defence and Foreign Affairs.*