

**CHINA'S CRISIS MANAGEMENT:
LESSONS FROM THE
SNOW STORM DISASTER**

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Executive Summary

The Hu-Wen leadership faced a serious domestic crisis when devastating snow struck China from January to February 2008. It affected 21 provinces, a number of autonomous regions and municipalities, causing 129 deaths and an estimated US\$21.1 billion in economic loss. Many houses, farmland, infrastructure networks were either damaged or destroyed.

The crisis tested the government's response across a wide spectrum of portfolios including transport, power generation and supply, medical service, food provision, hygiene standards, crowd control and information management and dissemination. Many systemic weaknesses and policy failures were exposed.

The provinces historically run their respective affairs with minimal intervention from the center. They are also not encouraged to collaborate with each other without the blessing from Beijing. When the snow storms struck, the provinces on their own could not marshal the resources needed. They also failed to coordinate with each other.

In the initial stages, the provinces along the Beijing-Zhuhai expressway unilaterally closed parts of the expressway under their jurisdiction, worsening road congestion. The provinces also failed to effectively convey critical information to higher authorities as well as to the masses.

The crisis also showed the lack of coordination among the ministries and agencies under the State Council. They were more used to working in a compartmentalized manner, ill-prepared for a crisis cutting across various administrative functions. There was also poor information management and dissemination among them.

Other shortcomings include the power shortage problem caused by the wrong pricing for coal used to produce electricity; the unwieldy holiday entitlement system that led people to strain the country's transportation network; the poor crowd control

that allowed crowds to swell; and, the absence of effective non-governmental organizations to bolster disaster relief efforts.

The situation witnessed a remarkable turn around when top Chinese leaders got involved. The State Council convened an emergency teleconference involving the key ministries. Wen Jiabao also embarked on his trip to Hunan and Guangdong.

Eventually, the Party threw its weight behind the government. Hu Jintao chaired a Political Bureau meeting on disaster relief. The Political Bureau Standing Committee members were also sent to the provinces. A more comprehensive and coordinated approach resulted.

Looking ahead, the snow storms will have minimal impact on the country's economic fundamentals and strong momentum for economic growth. However, its political impact will last longer and pose unique challenges.

The foremost task for the Chinese leadership is to set up effective institutions to reduce critical response time and overcome bureaucratic inertia. The other is to devise proper pricing mechanisms to ensure more reliable electricity supply. This will require political will with heightened inflationary concerns.

The government will also have to strengthen the reliability and ruggedness of the various networks such as electricity, water, oil and gas, and transportation across the country. They are susceptible to either natural disasters or man-made events.

Hard work is urgently required to better prepare China for future national crises. However, the success of the Party and government's efforts in this endeavor can only be gauged when China is tested again. The public may not be as forgiving should the same problems recur.