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From the State to the Market?

China's Education at a Crossroads

Ka Ho Mok and Yat Wai Lo

INTRODUCTION

In the last two decades, China has experienced significant economic transformations and social changes. The economic reforms which started in the late 1970s have unquestionably enabled some social groups to become wealthy, but the same processes have also widened the gap between the rich and the poor, as well as intensified regional disparities in China (Keng, 2006; Weil, 2006). Most significant of all, embracing the market economy has led to the growing prominence of ideas and strategies along the lines of neoliberalism in reforming not only the economic sector, but also public sector management and social policy delivery (Wong & Flynn, 2001; So, 2006). Having been influenced by the global trends of privatization, marketization, and commodification of education, China has appropriated neoliberal policies, and far more pro-competition policy instruments have been adopted to reform and restructure its education (Min, 2004). As depending upon state financing and provision alone will never satisfy the growing demands for higher education, China has therefore increasingly looked to the market/private sector and other non-state sectors to venture into education provision, hence diversifying education services and proliferating education providers.

It is against such a wider socioeconomic background that the private/ *minban* education sector has paid for much of the education expansion, leading to revolutionary changes and imparting a growing "privateness" to China's education system (Mok, 2008). Obviously, the adoption of procompetition policy instruments along the lines of privatization, marketization, and commodification in transforming the social service delivery, together with the adherence to the neoliberal ideas of governance, have further intensified social inequality and deepened the crises of regional disparities (UNDP, 2005). This chapter sets out in the wider policy context outlined above to examine how China's education has been transformed, especially when far more pro-competition and market oriented reform measures are adopted. With particular reference to the intensified inequalities in education, this chapter will also examine how the Chinese government

has made attempts to address the problems that have resulted from the marketization of education in the last two decades.

PART ONE: EMBRACING NEOLIBERALISM: EDUCATIONAL RESTRUCTURING IN POST-MAO CHINA

The Changing State Role in Education and the Growth of Individual Contributions

Since the late 1970s, the open-door policy and economic reforms have transformed the highly centralized planning economy into a market oriented and more dynamic economy. By then, Chinese economy has had significant and consistent growth with an average rate of 9–10 percent annually. Nonetheless, the total allocation of government fund on education has been repeatedly reported low. In 1995, only 2.41 percent of GDP was allocated to education, it was slightly improved by increasing to 2.79 percent and 3.22 percent in 1999 and 2002 respectively. But state education financing declined again in 2005 with only around 2.79 percent of GDP being allocated to education (see [Table 13.1](#)). Most recently, even the State Council of the People’s Republic of China has openly recognized insufficient government funding being allocated to education. In this connection, the 11th Five-Year Plan (2006–2010) calls on governments at all levels to make the development of education a strategic priority and “to commit to a public education system that can be accessed by all” (cited in Li, 2007, p.8).

Table 13.1 Public Education Expenditure as a Percent of GDP

<i>Year</i>	<i>Gross Domestic Product</i>	<i>Government Appropriation for Education</i>	<i>Percentage (%)</i>
1992	2,663.8	72.9	2.74
1995	5,847.8	141.2	2.41
1999	8,206.8	228.7	2.79
2000	8,946.8	256.3	2.86
2001	9,731.5	305.7	3.14
2002	10,517.2	349.1	3.32
2003	11,739.0	385.1	3.28
2004	15,987.8	446.6	2.79

unit: billion yuan

Sources: NBSC, 2005

Note: Government appropriation for education includes the expenditure of central and local governments on education.

With reductions in state financing in education, local governments and individual education institutions have attempted to increase the student intakes and tuition fees in order to generate additional revenues for financing educational developments and improving teachers' incomes. Some local education ministries and individual schools/higher education institutions have charged unreasonable fees from students in recent years. According to Yang Dongping, one of the leading education policy analysts in mainland China, the fee charging situation at the basic education level has become worse since the students and parents have been asked to pay more for education. Comparing the total fees being contributed by parents among 50 counties in 2002 with that of the previous year, it recorded about 7.8 percent increase. The same study also reports that among these 50 counties, 45 of them were blamed for overcharging students and parents for education related fees (Yang, 2004).

Given that similar problems can be easily found in other places in the mainland, what really worries us is that many more concrete live cases have been reported that suggest Chinese citizens have to bear higher school and university fees. Despite the fact that free education at the elementary level is regarded as a constitutional right for Chinese citizens, it has been widely reported that public schools charge different kinds of fees and hence create an additional financial burden on parents. The press recently reported that many students in Beijing could not afford to pay the excessive fees charged by the public school. It was reported that public schools generally charge 300 *yuan* to 500 *yuan* for one semester, and parents are requested to pay a miscellaneous fee, ranging from the amount of 600 to 1,000 *yuan* (*China Daily*, 26 August 2006, p.5). Similarly, with the continual decline in the central government's allocations, the higher education sector relies heavily upon the financial support from local governments and individual contributions. Coinciding with "multiple channels" in financing, the state describes the use of a mixed economy of welfare as a "multiple-channel" (*duoqudao*) and "multi-method" (*duofangfa*) approach to the provision of educational services during the "primary state of socialism" (*shehui zhuyi chujijieduan*), indicating a diffusion of responsibility from the state to society (Mok, 1996; Cheng, 1990). The introduction of a "fee-paying" principle has significantly affected higher education financing in China. Before the 1990s, the number of fee paying students was only a very tiny group, but now all university students have to pay tuition fees and the user pays principle has been made the foundation of Chinese education. According to Wang (2007), China now faces a new equity issue in education, especially when students have to pay at least 7,000 *yuan* annually for higher education. Paying for such an amount would cost thirty-five years of income of ordinary peasants in rural China. Hence, the most recent yearbook compiled by the Chinese Academy of Social Sciences reports that spending on education was ranked sixth on a list of serious public concerns by Chinese citizens in 2006, with school bills gobbling up more than 10 percent of

the average household budget on Mainland China (*Bluebook of Chinese Society*, 2007). Not surprisingly, the above reported cases have only shown the tip of the iceberg of the problems of overcharging school fees. There are many more stories suggesting that public schools in China have charged excessive fees, hence we can make sense of why Chinese residents have recently regarded education expenditures as one of the big “mountains” (heavy financial burden) to them (Zhu, 2005; Yang, 2005).

In addition, there is a strong belief that getting degrees in western universities can bring their children a brighter future. Hence, a growing number of families in urban China have tried very hard to send their children to study abroad. According to the Chinese Service Centre for Scholarly Exchange of the Ministry of Education, more than 100,000 students have chosen to study overseas since 2002 although they have to pay high tuition and living expenses. With the massification of higher education since the late 1990s, university graduates in China have found difficulties in getting employment. Therefore, pursuing higher degrees overseas has become increasingly popular with intentions to differentiate themselves in the highly competitive labor market. As statistics released by the Chinese Service Centre for Scholarly Exchange has shown, 71.3 percent of graduates returning from study overseas have found jobs within six months, and 32.7 percent of them have secured employment in foreign companies. Noticing these positive figures, many Chinese parents are becoming eager to send their children to study abroad. Nonetheless, the choice to send their children to study overseas would mean parents have to endure hardship in securing sufficient money to pay for their children’s education (*China Daily*, 28 February 2007, p.20).

As Cummings (1996) suggests, education under the influence of traditional Asian values is a matter not for the individual but for the family. The reason behind this is that a tertiary student in China is obligated to carry the hopes of an entire family. This is a deeply rooted traditional value, which has formulated a strong mindset favoring learning and education commonly shared among Chinese people no matter where they live in rural or urban areas. Nonetheless, Yin Jianli, a researcher with Beijing-based NGO Western Sunshine Action, recently pointed out that “the initial elation of a university offer quickly turns into frustration for many rural families because supporting a college student can plunge them into dire straits.” (quoted from Li, 2007, p. 8) According to recent reports, for those students coming from lower socioeconomic backgrounds, even though they have got excellent results in the national college entrance examinations, they are deprived of the opportunity to receive higher education simply because their families are not able to pay for the education expenses. A recent news reporting a very sad story that the father of Chen Yi, one of the top students in class in Shanxi, committed suicide out of shame in June 2006 because he was financially unable to send his son to university despite the fact that his son had passed in the national college entrance examinations (Li, 2007). Putting the

above observations together, it is clear that pursuing education has caused tremendous financial and psychological pressures on many families (in both urban and rural China) today (Mok, Wong and Walker, 2008).

Proliferating Education Providers and the Rise of Private/*Minban* Sectors

Another prominent change resulting from the adoption of the neoliberalist approach in education is the growing prominence of the “privateness” in China’s higher education. In 1998, there were around 50,000 private/*minban* education institutions at various levels, approximately recruiting around 10.66 million students. Under the support of government initiatives, the number of private/*minban* education institutions has reached over 70,000, which recruit 17.69 million students in 2004 (*China Education Yearbook*, 1999; 2005).

The rise of private/*minban* sectors in China’s education has developed a hybrid of public and private. In addition to those schools run by non-state sectors and actors, public schools in China have undergone a process of privatization and marketization, by which these public education institutions are no longer entirely public in nature but are classified as *gouyou minban* (state owned and people run), which means that schools remain under government ownership, but the proportion of finance from the private/nonstate sector is increased mainly through charging tuition fees (Mok, 2005). This policy of transformation (*zhuanzhi*) has provided a higher degree of autonomy regarding school management, especially in terms of personnel and finance. Under the new management framework, school teachers no longer enjoy an “iron rice bowl” and they may be dismissed because of underperformance in these privatized public schools. Nonetheless, these schools can offer financial incentives to reward the teaching staff with good performance (Shanghai Research Institute of Educational Sciences, 2005). In the higher education sector, *gouyou minban* institutions are named second tier colleges, which refer to the extension arms of public (national) universities. Similarly, these colleges are run as “self-financing” entities and operated in terms of “market” principles. Considering conventional *minban* schools and colleges lacking “self-discipline” and posing difficulties for management, these kinds of publicly owned but privately run institutions are established as alternatives for achieving the policy objectives of expanding enrollment rates of education (Mok & Ngok, 2008). Despite queries about the legitimacy of the rising for-profit nature of the *gouyou minban* institutions in the society, *minban* education has become an inevitable trend in China, particularly with the increase in the number of “quasi *minban*” institutions. Recent statistics show that over 1,000 public schools have applied this “privatized” running mechanism by 2004 (Lin & Chen, 2004, p. 46). In 2005, there were 344 second tier colleges throughout China, enrolling 540,000 undergraduate students (Chen & Yu, 2005, p. 167).

Putting the above discussions together, it is clear that China's higher education has become far more diversified, especially when the sector has been going through the processes of proliferation of providers, diversification of financing, and marketization of education against the decentralization policy environment. Despite the fact that the growing prominence of privateness in higher education has created more learning opportunities for Chinese citizens, such transformations along the lines of a neoliberalist approach have also resulted in educational inequality, regional disparity and social injustice in post-Mao China.

CULTURAL EXPECTATIONS AND THE COMMERCIALIZATION OF EDUCATION

Another major impact of neoliberalism on China's education is the growing trend of the commercialization of education. It is beyond doubt that economic reforms started since the late 1970s have created favorable conditions for the commercialization of education in China. Today, parents in urban China have an obsession of giving their children the best education despite the overwhelming financial burdens. Parents' obsession with children's education has facilitated the emergence of after school education, which has become an important indicator of the commercialization of China's education. In order to prepare their children for the competitive globalizing world, Chinese parents consider that learning English is very important for the future of their children. It is particularly true when most urban families are allowed to have a single child under the one child population policy. Believing that the mastery of English could enable their children to have a brighter career future, a growing number of parents have tried to send their children for private tutoring classes or private English schools to learn the language. In addition to academic performance, Chinese parents are increasingly concerned about whether their children could master a wide variety of skills. Equipping their children with special skills has become a popular trend in China, especially when these artistic or athletic skills can count as part of their entrance exam scores, thereby giving them a better chance of getting into prestigious universities. Xiao Di, a grade two pupil in a primary school in Beijing, is scheduled to have after school classes in music, mathematics, English, piano and dance from Friday evening to Sunday, which obviously occupies her whole weekend. Indeed, a success story in the neighborhood can push many parents to become more eager to send their children to after school classes. As a consequence, many parents in China are prepared to pay additional costs in order to send their children to after school classes as well as to hire the best high school teachers to give private tutoring to their children, especially when it comes to the final run-up to the university entrance examinations (*China Daily*, 27 March, 2004; 5 June, 2007).

In response to this phenomenon of overloading children, the Chinese governments have made attempts to reduce the pressures for drilling students for examinations and tests as well as extracurricular activities. The Ministry of Education, for example, requests parents to stop enrolling their children in extracurricular courses and requesting schools to limit daily homework to one hour (*China Daily*, 5 June, 2007). Despite the good intentions of the new policies, there is ongoing debate about the proposed changes among parents. Without changing their mentality and mindsets, students who have more time after school are sent to study in various training classes and with private teachers outside school to improve their performance in a wide range of subjects. Fearing that their children would lag behind, many parents have tried very hard to pay for private tutoring in order to make their children more competitive (*China Daily*, 23 March 2007, p.5). After analyzing the above social phenomenon, Hong Chengwen, a pedagogy specialist at Beijing Normal University, argues that such a phenomenon is closely associated with the Confucian emphasis on education and traditional family values. Indeed, after school education is not only popular in China, but also in other countries within the “Confucian cultural sphere” (*China Daily*, 27 March, 2004). In short, the deeply rooted cultural belief in providing good education to children has undoubtedly fostered the commercialization of education in China.

PART TWO: WHEN NEOLIBERALIST EFFICIENCY CLASHES WITH SOCIALIST IDEALS—UNEQUAL ACCESS AND INEQUALITY IN EDUCATION

Education Inequalities and Overcharging Students Within Chinese Cities

The social structural characteristics of communist China are important factors affecting the access and equal opportunities to education attainment. In the era of the planned economy, the Chinese institution *hukou* (household registration system) was the key determinant of the opportunity for receiving education, and even affected life chances of Chinese citizens. The *hukou* system was established in 1958 and it determined where one could live and what benefits one was entitled to enjoy. As a means to control population mobility, the *hukou* system had determined the different life chances between the people living in urban and rural areas of China (Liang, 2001). Because China has been ruled by a duality between urban and rural areas, people living in urban areas have enjoyed better social services and welfare provision provided by their urban work units systems, while citizens in rural China had enjoyed less privilege when compared to their urban counterparts. In addition, since major

universities, particularly top tiered national universities, have long been concentrated in major Chinese cities; urban dwellers have enjoyed far more opportunities for higher education than their rural counterparts. Thus, the household registration has significantly limited the opportunities for rural residents to enjoy same access to education since the establishment of the People's Republic of China.

Even in the post-Mao era, the *hukou* system has still imposed institutional constraints for rural migrants to enjoy equal schooling/higher education opportunities despite the fact that many of them have stayed in urban China for work and residence because rural urban migration has become increasingly common throughout the country in the post-Mao era. Being regarded as temporary immigrants or 'floating population,' these new urban immigrants cannot obtain the similar social status as their urban counterparts because they are still classified as rural citizens without an urban *hukou* registration. Given that local governments are responsible for the financing of schools in their jurisdiction, if temporary migrant children were allowed to be admitted to local schools, it would still mean that they had to bear the financial burden (Liu, et al., 1998). Based upon the two student admissions criteria for schools in urban China, first, students must have residence within the local school district in the city; second, students must be registered in the school district as well, children of these rural migrants would encounter difficulties in getting their school places. Even though some local schools in cities accept these temporary migrant children, their parents have to pay the education endorsement fee (*jiaoyu zanzhu fei*), which is considerably high (Cao, 1997). Furthermore, many local governments and schools would overcharge children of the migrant workers when they were admitted, according to a report released by the *New York Times* regarding migrant scavengers in the Shanghai municipal dump, one of whom was working to pay 10,000 yuan for secondary education and 1,000 yuan for primary education (*New York Times*, 3 April 2006). Obviously, such an institutional barrier has disadvantaged the temporary migrant children in terms of educational opportunities because they are less likely to be enrolled in school than their urban and even rural counterparts (Wang & Zuo, 1999). Hence, it is clear that the household registration has built in institutional barriers for promoting equal access to education between urban and rural citizens in China.

As for the higher education sector, although admission is not restricted, *hukou* and students are free to apply for admissions to universities nationwide, charging excessive fees from students is also a problem. This is because since university financing has taken far more decentralized, privatized, and marketized modes to generate additional funding in support of the massification of higher education, the central government tends to shift its financial burdens to local governments, while local governments attempt to devolve the responsibilities to students, parents,

private enterprises, local communities, and the society (Ngok & Kwong, 2003). In 2005, more than 20 percent of the total concurrent budgets of Chinese higher education institutions came from tuition fees. Unlike 'the good old days' when higher education was nearly free of charge, no student would be deprived of rights to receive higher education because of poverty. Such a public dominated mode of higher education system could provide more opportunities for social mobility (Levin & Xu, 2005, p. 53). It is clear that with the adoption of the neoliberal approach in running higher education, the sector has significantly transformed along privatizing and marketizing trends, thus changing the nature of higher education from public goods to private commodity in the post-Mao era (Chou, 2006; Wan, 2006).

Realizing the intensified financial difficulties for students to pay for their higher education, the government introduced the national student loan scheme in eight major cities, including Beijing and Shanghai in 1999 and then extended to the rest of the country in 2004 (*People's Daily*, 5 March 2007). The loan scheme, with a maximum annual loan of 6,000 yuan per person, mainly offers financial help to students being admitted by public universities. In addition, the government also provides various grants to students with financial difficulties. For example, the National Scholarship grants an annual amount of 4,000 yuan to support outstanding students, while the National Grant Scheme provides a monthly subsidy of 150 yuan to students from poor families. The government launched a "Green Path System," which guarantees that students would not lose their offers of admission because of financial difficulties (China Higher Education Student Information, 2007). Most recently, Premier Wen Jiabao announced to further increase government expenditure on grants and loans for university students from 1.8 billion yuan in 2006 to 20 billion yuan in 2008. Showing the government's determination to provide education to students coming from poorer families, Wen announced to waive the tuition fees of all normal universities and colleges (teaching training) under the Ministry of Education in order to attract more students to enroll in education training in order to provide more trained and qualified teachers for the less developed parts of China (*Mingpao*, 5 March 2007).

Despite the government's efforts to help students for resolving their financial difficulties in paying for higher education, the financial assistance from government is far from adequate. The loan schemes mainly offer help to those students who are admitted to public universities, especially those studying in national universities. Nonetheless, those studying in the *minban* institutions, regardless of whether they are normal *minban* or *gouyou minban*, have received limited or even no financial support. As a result, the rise of "privateness" in China's education with topping up tuition fees implies denying students from poor families access to quality education. Furthermore, the popularity of private tutoring or other

supplementary education has inevitably resulted in social stratification as Bray (2007) rightly suggests. Although the government has made attempts to resolve the problems related to educational inequality, the foremost importance attached to education has resulted in more expenses imposed on families and parents. Hence, it is easier for those who are willing and financially able to pay for better education. But the same processes have still worsened the education inequalities within Chinese cities.

In short, the growing prominence of the “privateness” in educational finance and provision has indeed intensified the problems of education inequalities in China. As Yang (2007) argues, the education system in China has never been inclusive because of the *hukou* system, which has long been creating the institutional barriers for promoting equal access to education for both urban and rural residents. Our above discussions have clearly shown how the adherence to the neoliberal approach has further widened the urban rural divide, especially when those who can afford could enjoy far more educational opportunities. Although the government has attempted to address the issues by developing the student loan scheme as discussed earlier, such measures are insufficient to address the core of the problems—differential treatments between the urban and the rural residents, which favour the former but socially exclude the latter (Mok and Lo, 2007).

The Widening Regional and Urban Rural Divide

Educational inequality also exists in forms of urban rural disparity and regional disparity. This is because the government undertook a polarized policy of development between coastal and inland provinces as well as between the cities and the countryside. For instance, the government expenditure on education in China is highly uneven. According to official statistics, 214,913 million yuan were allocated to the coastal region,¹ constituting 55.8 percent of the educational budget. Regarding nongovernmental financial resources,² 36,361 million yuan were generated in the region, representing about 67.2 percent of the total. However, the population of the coastal region constitutes only 41.4 percent of the total population (MOE, 2004). When comparing the financing situation between these places, the total non-governmental financial resources of three selected wealthy regions grew to 3.45 billion yuan in 2004, but it recorded only 800 million yuan in the three poor regions (see [Table 13.2](#)) (MOE, 2004). Such a comparison has clearly shown the educational disparities between the rich and the poor regions in China. Putting the current developments of private/*minban* education into perspective, it is clear that the people living in the eastern coastal areas of China have disproportionately experienced the success of economic growth in the last two decades, and many of them are willing and have the financial ability to pay for these overseas programs.

Table 13.2 Non-state Educational Grant in Selected Regions in 2003

<i>Region</i>	<i>Social Organizations and Individual</i>	<i>Donation and Fund-Raising</i>	<i>Total</i>
National	25,901	10,459	36,360
Beijing	624	522	1,146
Tianjin	477	21	498
Shanghai	1,315	491	1,806
Gansu	186	57	243
Guangxi	251	97	348
Guizhou	150	58	208

unit: million *yuan*

Sources: MOE, 2004

With reference to the above educational funding figures (Table 13.2), it is obvious that the economic reform and development in the last thirty years has significantly improved the livelihood of those living in the coastal areas. Nonetheless, the same social and economic transformations have also intensified the coastal inland disparity. This has resulted in a concentration of education opportunities in the socioeconomically prosperous regions at the eastern coastal area. Regarding urban rural disparity, the most recent *China Human Development Report 2005* indicates that the gap between the rich and poor in China has been widening, while the richest 10 percent of urban dwellers controlled 34 percent of urban wealth, but the poorest 10 percent held a mere 0.2 percent. When extending to compare the richest 20 percent of the urban population with the poorest 20 percent, their respective shares in 2002 were 51 percent and 3.2 percent. Commenting on this urban rural income gap, the United Nations commented that China has perhaps the highest income disparity in the world (UNDP, 2005). Regarding educational inequalities, recent studies have suggested that educational inequalities are larger the higher the level of schooling (Qian & Smyth, 2005; Rong & Shi, 2001).

Against a similar socioeconomic context, Yang sets out to examine educational opportunities between urban and rural China. He argues that the disparities in educational funding and provision between urban and rural hinterland has been a persistent problem since the foundation of the People's Republic of China (Yang, 2007). Like other developing countries being influenced by the global trends of privatization, marketization, and

commodification of education, China has been appropriating the neoliberal policies, but the issues of social access and economic justice have emerged on the table, especially when the Chinese society is experiencing the growth of social class disparities (Luke & Ismail, 2007; Cheng, 2006).

Obviously, China now confronts the intensification of educational inequality. Although the country has experienced economic growth and educational expansion, the implementation of the education reforms with the neoliberal approach has inevitably led to “differential impacts upon different groups,” as Mak (2007) described in other Asian societies. The economic reforms since the late 1970s have undoubtedly given rise to the new rich or new middle class in China (Lui, 2005; So, 2005), recent consumption studies have confirmed that as incomes rise, spending patterns change. It is projected that urban spending on recreation and education will grow by 9.5 percent annually during the next two decades, holding its place as one of the largest consumption categories in urban areas and making China one of the fastest growing recreation and education markets in the world (Farrell, et al., 2006, pp. 66–67). Our above discussions regarding the growing popularity of the commercialization of education and the increasing financial contributions from parents for children’s education have clearly demonstrated the intensification of educational inequalities and disparities between the urban and the rural areas. Despite the fact that some of the urban families are eager to pay additional costs for enriching their children’s education, many of them have raised the concerns of increasing financial burdens for education. For those living in urban China whose financial abilities might be better than people living in rural China, there are intense financial pressures for children’s education. It is not difficult to imagine how citizens in rural China respond to the growing educational disparities. Obviously, inequalities in education are becoming unacceptable, especially when more people living in rural China have found themselves being socially and economically marginalized (Khan & Riskin, 2005; Keng, 2006), and many of them still face the problems of having no education opportunities or receiving only poor schooling (Murphy, 2004).

Bringing the ‘Welfare’ back in? Strategies in Promoting Education Equality

Realizing that educational inequalities have become intensified, the central government recognizes the importance of providing basic education to the citizens, hence, the school education sector has attracted relatively more state funding than that of higher education. With a continual increase in state funding to elementary education in recent years, the net enrollment rate of primary school children grew to 99 percent in 2005, while the gross enrollment rate of junior secondary schools reached 95 percent (China Education and Research Network, 2006). Since the promulgation of the Compulsory Education Law in 1986, nine-year compulsory education has

been implemented and the universal senior secondary education has been in progress in economically developed areas. Nevertheless, compulsory education has not been implemented evenly across the country, particularly when educational development in many rural areas is far behind those urban areas. In response to this uneven educational development, the Chinese authorities have allocated extra resources to create more educational opportunities in rural areas during the 10th Five-Year Plan (2001–2005). For instance, in late 2005, the State Council decided to further reform the funding system of school education in rural areas, with the nine-year compulsory education funded by the general public finances (China Education and Research Network, 2006). Furthermore, during the Fifth Plenary Session of the 16th Central Committee of the CCP, the Chinese government further promulgated a strengthening and rejuvenating strategy through science and education, which clearly gives a higher priority to education when compared to other policy areas in the 11th Five-Year Plan (2006–2010). Among the various tasks, the consolidation of nine-year compulsory education in rural areas has been given high priority with the implementation of the “Two Basics” project to universalize nine-year compulsory education and to eradicate illiteracy among the middle and young aged groups in the western part of China. Regarding educational finances, the government decided to waive all the tuition and miscellaneous fees of students from rural areas of western China in 2006 in order to release parents from the heavy burden of educational expenses. The same policy was introduced to the central and eastern parts of the country in 2007 (China Education and Research Network, 2006). Most recently, Premier Wen Jiabao announced a hefty educational investment plan in his latest government report. A total of 85.85 billion yuan was allocated on education from central budget in 2007, showing a 41.7 percent increase over the previous year. In order to uphold the principles of educational equality and equity, part of the funding has been specifically used to support children from poor families to enhance them to get access to education. In addition, the government continues to provide free textbooks for students from lower socioeconomic backgrounds and living allowances for those studying in boarding schools. If these proposed policies are successfully implemented, about 150 million households with school-age children in rural areas would benefit (*People's Daily*, 5 March 2007).

In the last two decades, the central government has adopted a policy of decentralization in education. While the central ministry is only responsible for macro-management, the local governments, or, more specifically, the county and township governments, have to take up major responsibilities (including financing, personnel, and curriculum design) for achieving the policy goals of compulsory education. However, the revision of the Compulsory Education Law in mid-2006 has strengthened the role of provincial governments in governing education. The newly amended law requests provincial governments to play a coordinating role in assuring local governments' investment

on compulsory education (MOE, 2006). According to Yang (2005), the revision probably is a way to tackle the problems related to corruption commonly found among local schools and education departments for charging excessive fees having given more operational autonomy and financial flexibility. (3)

CONCLUSION: SHIFTING POLICY PARADIGM FOR A HARMONIOUS SOCIETY

Our above observations have clearly shown that the Chinese authorities have been struggling for a balance between rapid economic growth, which would possibly further intensify urban rural divide and inequalities, and more balanced social developments, which would promote the socialist ideals for upholding social equality and equity. The attempted reversal from the market driven approach to a more welfare based paradigm is not without problems. The success of the policy paradigm shift depends very much on the state's political will during the course of the postcommunist transition characterized by the processes of reinventing capitalism or inventing a new kind of socialism.

Analyzing the present case study from a comparative perspective, will China move toward the attraction of capital flows to cities and the amelioration of the unequal distribution of knowledge, power, language, and material resources to growing populations, as Luke and Ismail (2007) project for the future developments for urban education in the Asia Pacific? Will China be developed into a society of fundamental social divisions between the poor and the rich in terms of education opportunities with the emergence of binary provision in education? Will the urban rural divide be further widened, with an education system receiving only marginal state support for the unemployed and working poor and a selective, private system operating on a user pays basis? If the above scenarios happen, the Chinese government will face immense pressures and tensions, especially as the present regime has to honor its longstanding stated focus on social equality. Therefore, the Chinese government has to revisit the policy orientations with emphasis on the extension of neoliberal market economics to education, with forces of marketization, privatization, and commodification of education. If the Chinese government fails to properly balance the tensions between economic efficiency and social inequality, these social problems could accumulate to create significant political pressures, which would result in political crisis, particularly when Chinese society has been divided by the diversity of economic and social interests. In order to strike a balance between a rapid economic growth and a balanced and healthy social development, the present government has called for developing a harmonious society.

Nowadays, "people-oriented development" and "harmonious society" have become increasingly popular jargon shaping the political discourse in China. According to Ngok (2005), under the new political discourse of

“people-oriented development,” the present political regime is more aware of the importance of the well-being of the people, especially devising new policy measures in helping those socially disadvantaged groups. When choosing policy instruments, more attention has been given to address the fundamental interests of the overwhelming majority of the country’s people and minimize the gap between the rich and the poor. However, while the state is intensifying the funding for poverty relief and helping those less advantaged social groups, a “self-dependent spirit” is emphasized by the Chinese leaders (*People’s Daily*, 12 February 2005). With a recognition that leaving the whole sector to be driven and guided by market forces because such market oriented strategies may fail to address the “social justice” and “social equality” by the Chinese leadership, a new social policy paradigm is in formation with emphasis on developing “people-oriented” social policy and social protection strategies in order to rectify the market failure in social/public policy provision. The government headed by Hu Jintao and Wen Jiabao has made attempts to address the inequality and overcharging issues in education. In 2006, both Hu and Wen chaired meetings over high-level meetings in the Communist Party’s Politburo to stress the importance of education and call for a shift from the market driven approach to a more welfare based education system. In these meetings, senior leaders called on governments at all levels to make the development of education a strategic priority and to commit a public education system that can be accessed by all. In order to achieve such policy objectives, the Ministry of Education has started to develop a new mechanism to calculate college costs and cap university tuition fees. In addition, students from underdeveloped central and western regions have begun to receive cheap bank loans or allowances to enable them to attend schools or colleges (Li, 2007). In this regard, the Chinese authorities probably are making attempts to balance between “market efficiency” and “social equality,” but we still need to examine how effective policies are implemented in different localities. The best scenario is that the Chinese government would succeed in developing appropriate regulatory frameworks in governing the market in social policy without slowing down its economic growth. Given that this could be the biggest challenge to the CCP in the future, the development of whether the new notion of “people-oriented” approach can promote better social policy and social protection for the Chinese people when China’s economy is becoming increasingly globalized would be worthy of attention.

NOTES

1. Coastal region here includes Beijing, Tianjin, Hebei, Liaoning, Shanghai, Jiangsu, Zhejiang, Zhejiang, Fujian, Shandong, Guangdong, Guangxi, Hainan.
2. Non-government financial resources here refer to input from social organizations and individuals and donation.

3. Since the completion of the 17th National Congress of the Communist Party of China, children of migrant workers (peasant workers) have been provided with free education in China. The principal author of this chapter, Ka Ho Mok, went to the Zhejiang area in China to examine how education is delivered and found that these children can now enjoy free education in some economically prosperous areas in the eastern coastal area (Fieldwork, October 2007, Ningbo and Hangzhou, China). The authors want to thank the Chiang Ching-Kuo foundation in supporting the research project 'A Comparative Study of Changing University Governance in China and Taiwan.' Part of the field observations reported on this chapter are based upon the fieldwork funded by the foundation.

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