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## **Interrogating institutionalized establishments: Urban-rural inequalities in China's higher education**

### **Abstract**

China's urban-rural disparities are a fundamental source of China's overall educational inequalities. This article addresses this issue with data collected through interviews with members at various Chinese higher education institutions. It interrogates China's current policies together with the social and political institutional arrangements that underlie them, and assesses the effectiveness of existing schemes to support higher education students. Based on China's experience, it challenges market transition theory's claim and debates the classical economic theory which postulates that expansion of education will reduce inequality. It argues that the expansion of education in China has aggravated inequality. Believing that the educational gap is only part of the overall picture of urban-rural disparities in China, of which many resulted from social institutional arrangements, it calls for changes to established institutions and a reconsideration of the role of private financing mainly through tuition fees.

**Keywords:** Urban-rural disparities, Educational inequality, China, Higher Education

## **Introduction**

Since the economic reform started, two major changes in China's higher education system have been enrolment expansion and tuition hike. While increased opportunities for higher education have raised the benefits for those who attend colleges and universities, an increasing financial burden of tuition fees has greatly hindered higher education for some college/university-worthy youth. There has been recent outcry over growing disparities in higher educational equality in China, especially between urban and rural areas. Higher education attainment closely relates to earlier access to publicly and privately supported education at lower levels as well as to the capacity of borrowing money to pay direct and indirect higher education costs. Equity challenges in China's higher education finance need to be addressed urgently, as sustaining China's rapid economic growth in the future depends in large part on the quantity and quality of its human resources.

Educational inequalities are manifested in various forms in China. Yet, urban-rural disparities are a fundamental source of China's overall educational inequalities (Qian and Smyth 2008). Discussions tend to be confined to the matters at issue without much theoretical orientation (Cheng 2009), although Rawls' (1971) principles of equality of opportunity are frequently cited (Ni 2008). Focusing on urban-rural disparities, this article addresses such a gap in the literature by interrogating China's current policies together with the social and political institutional arrangements that underlie them.

Based on national and institutional official statistics and Chinese and English literature, this article investigates the extent and trend of higher education inequalities in

China, with critical discussions on the concentration of wealth in urban centers and the impacts of this on higher education provision. It incorporates empirical data collected through interviews with administrative and academic staff at Chinese higher education institutions of various types: Shanghai Jiaotong University which is one of China's oldest and most prestigious national flagship universities in Shanghai, Anhui Medical University which is located in the capital city of the relatively less developed Anhui province, and Maanshan Teacher's College, a three-year tertiary institution at a medium-size city in Anhui. These institutions were selected because they belong to different categories of research universities, provincial higher institutions and regional junior colleges respectively representing the larger scenario of China's higher education system. They were accessible to the researchers during their fieldwork.

Both focus group interviews and individual semi-structured interviews were conducted during June-July 2010 to elicit views from administrative and academic staff on urban-rural (in)equities in higher education. In each institution, seven to eight staff were interviewed, including two administrators at the university/college level in charge of student affairs and finance, one to two managers at the school level in charge of student affairs and recruitment, four faculty members. That means there were three focus group sessions in every case institution.

This article first reviews China's social and policy contexts to investigate the status of disparities with China's recent major institutional reforms. It then assesses the effectiveness of existing schemes to support higher education students. Through some critical analyses of the underlying values of and responses to China's longstanding urban-

biased policies, this article critiques the priorities unfairly given to urban populations by Chinese public policy-makers. Locating China's current practices into some social and policy contexts dating back decades ago, it argues that Chinese contemporary policies are becoming increasingly inappropriate in a transition from redistributive to market economy.

### **Social and policy contexts**

Policies of educational justice are a kind of social action that requires to be observed within certain social, historical environment. China's current educational disparities are resulted from its long-term policy options. When the communist republic was founded in 1949, its new democratic education policy was in principle for the masses, representing the fundamental values of education equity. However, as a country with poor financial conditions and a huge population, educational development was not only confined to the political system and ideologies, but also hindered by its socio-economic development level and ready resources. Under the guidance of the new political ideologies, with aims at fast industrialization, China was confronted with a number of dilemmas and had to make hard policy choices.

### ***Elite education versus mass education***

Education for the broad masses was the basis for China's policy-making in the early 1950s. In addition to the expansion of working people's educational rights, another urgent task of the new republic was, through formally institutionalized establishments, to

train professionals badly needed for economic development and national defense (*People's Daily* 1950, p. 1). The dilemma faced by education which was supposed to be open to workers and peasants was vacillation between equity and efficiency, a matter of mass or elite education (Qian 1950). The choice had implications for educational policy-making to decide the priority between basic and higher education. During the 1950s and 1960s centered on implementing the five-year plans of national economic building and the Soviet-model industrialization, China's actual policy opted to elite education. National investment concentrated on higher education, whose recipients enjoyed tuition fee waiving, living stipends and free medical care. The distribution of higher education institutions and disciplinary structure were heavily imbalanced with particular emphases on major capital cities and science and technology subjects, linking directly to heavy industry and national defense. A number of institutions were selected by the government to invest focally. They were designated as key-point institutions, under the jurisdiction of the Ministry of Education or other ministries. There was strict selection at every level within the system to secure the quality of the best students.

Looking back on such a policy option, its pros and cons become evident. The most obvious advantage was to provide strong intellectual and personnel support for industrialization and national defense. Its major problem was the extremely imbalanced distribution of educational resources, causing longstanding ignorance of basic education, damages to the majority people's educational rights, and a huge educational gap between urban and rural areas. With its focus on higher education, China prioritized efficiency and the instrumental value of education. The allocation of educational resources was based

entirely on national development goals that prioritized fast industrialization (*People's Daily* 1952), with little consideration of local needs, causing regional disparities. There were few national key-point higher institutions in central and western regions. The monopoly of educational resources by and the limited financial capacity of the central government determined the unfortunate combination of stress on higher education and weak rural education.

### ***Mao Zedong's 'educational revolutions'***

During the initial days of the republic, the broad masses of workers and peasants were endowed with educational rights directly by political revolution. The way to eliminate illiteracy and to universalize education was also in a form of revolution-strong political campaigns with large-scale mass movements. There was an idealistic expectation that popularization of education would rapidly change the educational outlook of Chinese workers and peasants. Such emphases on basic education for the majority people immediately contradicted with the goal to train specialists to develop heavy industry. As the leaning to the Soviet Union went further (Gao 1996), the Soviet model of planned economy and a highly centralized higher education system were established. The quest for quality and higher standards were prioritized and the selection of cadres from workplaces to be sent directly to universities was also terminated. The stresses on 'higher standards' stopped children of workers and peasants from going to universities and even schools (China National Institute for Educational Research 1983).

Mao Zedong, however, strongly opposed the overwhelming dominance by Soviet-style education,<sup>1</sup> and initiated ‘educational revolutions’ in the 1960s based on his educational ideals and values. His main attention was to the educational rights of working people’s children, especially in rural areas. He tried to achieve these goals through smashing up examinations, shortening length of schooling, relaxing the limits for university entry, and devolving administrative power to lower levels of government to utilize multiple sources and methods to develop education. His thoughts and efforts to reform education continued well into the Cultural Revolution (1966-1976). In retrospect, despite his passionate concern for educational justice, especially the rights of average workers and peasants, his revolutionary way to break and even surmount the accumulation of cultural capital in order for the disadvantaged to achieve dramatic changes was far from successful. Its actual effect was a great damage to the majority people’s educational rights. Additionally, his personal obsession with family origin led to wide-ranging deprivation of non-working class people’s educational rights, and created injustice of other sorts. One legacy of his revolutionary approach might be the possibility to utilize institutionalized power of the state to promote justice in education.

*Dengist discriminatory xianfu theory*

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<sup>1</sup> Due to political considerations of both domestic and international situation, Mao Zedong initiated deStalinization in February 1956, and expressed strong anti-Sovietization attitude. (Research Institute of Chinese Communist Party (1994)” Selections of the Important Documents of Chinese Communist Party after the Foundation of China” Volume 8, pp. 231-238 (in Chinese). In reality, however, he displayed great ambiguity.



China's rapid expansion of inequality is directly resulted from the economic reforms in 1978. During the reforms, the economic system was redirected to the market and the opening of the economy was limited to specific areas, such as special economic zones in coastal regions. Deng Xiaoping's Southern Tour Lectures in 1992 gave further impetus to the transition from redistributive, egalitarian to market-based, meritocratic system (Hannum 1999), leading to substantial changes in the income inequality structure.

The reforms set macroeconomic growth as the first priority, even if this sacrificed equality of income distribution and opportunities, as illustrated by Dengist *xianfu* theory, which states, "Allow some people and areas to get rich first." Such discriminatory treatment justifies income disparity, embraces the penetration of the market mechanism into the Chinese economy, and accelerates income gap between urban and rural areas. The *xianfu* theory encourages marketization (Okushima and Uchimura 2005). The reform policy based on Dengist *xianfu* theory treats cities and countryside unevenly.

### ***A cost-sharing financing mechanism***

Until the late 1990s, China's public spending on higher education was high by international comparison. Government allocation per student was generous until the mid-1990s. During the past years, the government has implemented a series of reforms to reach a financing mechanism where the cost of higher education is shared between the central, regional and local governments, as well as with society and individual students. Public spending per student has been decreasing while educational costs per student have increased substantially. Public funding of higher education accounted for 29% in 1984

and 19% in 1994 of total public education expenditures (World Bank 1997). Government subsidies have declined as a share of total financing from 64.6% in 1990 to 53.1% in 1998. The share of financing contributed by tuition fee rose from 15.06% in 1996 to 29.29% in 2003 (Du 2007).

For instance, one respondent made the following observation:

Although we are a national key university, only half of our financial resources come from the central government. Because of our strengths in engineering and applied scientific research, we get a lot from the industry. ... We charge 5,000 RMB tuition fees per student per year. This is the same as many provincial institutions. ... Our tuition fees account less than half of the avenue generated by the University. (Shanghai Jiaotong University, Interview-1)

Policies of marketization, decentralization and privatization since the 1980s have significant equity implications, and increase inequalities in access across regions, especially as the poor regions have reduced capacity to finance education at all levels. The private cost of higher education is substantial. The average cost per student to study and live on campus for an academic year far exceeds the average family annual income of the country. In 2004, higher education tuition fees grew to 5,000 RMB, accommodation costs increased to 1,000-1,200 RMB, a student's living costs rose to 4,000-5,000 RMB, making the total expense of university study around 40,000-50,000

RMB, which amounted to 4.2 and 13.6 years net income for an urban dweller and a rural resident respectively (Guo 2010).

### **Manifestations of inequalities in China's higher education**

Inequalities in China's higher education remain structural. They are reflected in various dimensions of China's higher education system (Wang 2011; Li 2011; Li and Bray 2006; Yang 2010), caused by a variety of factors (Liu *et al.* 2012; Wang 2010; Zhou and Chung 2012). The disparities are manifested particularly strikingly between urban and rural areas in terms of access to higher education. Urban students are over represented in higher education while their share in the population is the opposite. Urban students are more heavily weighted to the upper social strata than their rural counterparts, with better-educated parents in high skilled occupations and a better family economic situation. China's present situation is that students from better-off urban families are well prepared to enter high quality public universities which are also the cheapest, while much disadvantaged rural students are more likely to attend poor quality second-tier or private institutions which charge high fees.

China's urban-biased enrolment policy has long been strong. Since 1962, a higher proportion of children from urban and better off families go to university than among rural and low-income students. Recent changes in public financing and increasing reliance on tuition fees further reinforce this trend.

### ***Opportunities for receiving higher education***

China's urban-rural inequalities in higher education are directly resulted from its urban-rural dual social structure, a political institutional arrangement built on an unfair household registration (*hukou*) system. They are also an accumulative result of those in primary and secondary schools. For decades, higher education opportunities remain highly controlled by the central government and their distribution has been extremely imbalanced. The planned enrolment figures of higher education institutions are distributed with privileges given to major centers such as Beijing and Shanghai nationally and to the capital cities within provinces (Zhang and Kanbur 2003).

The admission system of higher education institutions remains centrally planned and segmented based on the administrative and geographic unit of provinces and municipalities. Each institution is designated a quota of students by the central government. The nationwide admission system is divided by province/municipality, with a quota unevenly distributed to each province/municipality. For instance, in 2004, provincial enrollment reached 26.82% at Peking University, 51.94% at Fudan University, 67.29% at Zhongshan University, 53.85% at Wuhan University, 20.81% at the Central South University, and 39.12% at Sichuan University (Wang 2011).<sup>2</sup>

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<sup>2</sup> The striking differences of percentages of local students between Peking University and Fudan University are mainly due to China's unbalanced distribution of national flagship universities. Even Shanghai is the nation's economic (and financial) center, its concentration of higher education resources is far behind Beijing, although it is second only to Beijing. For example, Beijing hosts eight "985" and twenty-six "211" universities, while Shanghai has only four and nine respectively. Precisely because of the fewer numbers, the Shanghai municipal government has more bargaining power with the central government about the quota of local students in those major universities located within the city, as a reward to its financial support of co-constructing the four "985" universities.

Research repeatedly confirms the negative impacts of reforms on educational opportunities for rural population in China (Hannum 1999; Tsang 1994). While the disparities are widely acknowledged, the actual situation has been described differently. A large-scale study undertaken jointly by the World Bank and the Chinese Ministry of Education in April 1998 surveyed 70,000 students enrolled respectively in 1994 and 1997 at 37 universities at various levels (Zhang 2004). It showed that on average the difference of educational opportunities between urban and rural areas was 5.8 times nationwide, with 8.8 and 3.4 times respectively in national key-point and provincial universities. This was bigger than the income disparity of 2.8 times. Fan's (2008) research shows the urban-rural access opportunity differences in various higher education institutions after the expansion of enrollment (see Table 1 below).

INSERT TABLE 1 HERE

Zhang and Liu (2005) reveal an inverted pyramid shape of the disparities among different social strata in Chinese higher education, based on the data of the undergraduate students in the 1990s collected from Peking and Tsinghua Universities shown in Table 2 below. They found that the more prestigious the institutions are the lower percentage of rural students is. The trend continued until the mid-2000s, as shown in Figure 1.

INSERT TABLE 2 HERE

INSERT FIGURE 1 HERE

As family financial situation becomes increasingly important in determining young people's access to higher education, the number of students from rural background

decreases in both the peak and the bottom of the hierarchy of Chinese higher education institutions, as shown by Tables 3 and 4 below:

INSERT TABLE 3 HERE

INSERT TABLE 4 HERE

This trend was also frequently confirmed by our respondents, as shown below:

About 20-30% of our students are from countryside. This proportion is not bad for an institution like us. We have a high proportion of Shanghai local students. (Shanghai Jiaotong University, Interview-1)

More than half of our students are from Shanghai, and the rest are from all parts of China. ...For a long time, our local students accounted for 25%. After reforms, Shanghai government wants value for their money and requires half and half. Now about 60% are local. (Shanghai Jiaotong University, Interview-3)

The situation is different in provincial institutions. Both the other selected case study institutions have a high proportion of rural students, as shown by the following remarks:

We are a regional university serving our local community. The bulk of our students are from rural, workers and peasants families. (Anhui Medical University, Interview-1)

Most of our students are from rural, less developed areas. (Maanshan Teacher's College, Interview-3)

However, a closer scrutiny of their situation shows that there have been some interesting changes to the proportion of rural students in relation to their peers from urban family background: while Anhui Medical University has managed to maintained its high percentage of rural students (see Table 3), the proportion of rural students at Maanshan Teacher's College has substantially dropped from 60% in 1995 to 30% in 2010, as shown by Table 4.

### ***Enrolled students from poor rural families***

The issue of university students from impoverished rural areas began to catch people's attention since 1997 when Chinese universities began to charge students tuition and accommodation fees. Rising tuition fees have substantially increased the difficulties of poor rural families in sending their children to universities. The total private cost of one student for a year in university during 2000-2001 exceeded an urban resident's annual income and was 4 times that of a rural dweller. In 2006, undergraduate programs in science and liberal arts in independent colleges charged 12,217 and 12,034 RMB

respectively, and 11,100 and 10,500 RMB in private institutions, doubled those by the nation's most prestigious institutions (Zang and Shen 2010).

For those already enrolled, it is extremely difficult to complete their university education. During 2004-2005 academic year, 2.63 million (19%) of the 13.5 million enrolled students were from families with financial difficulties, and 1.22 million (9%) very seriously (Wu 2008). According to a survey conducted by China Youth Development Foundation in 2006, about 26% (4.05 million) of the total national enrolment of 15.61 million by August 2005 were from families with financial difficulties. The average amount needed for a student's basic living was around 6780 RMB while the average income of their families was 4756 RMB. Around two-thirds students family's income fell short of expenditure. (Zhang 2008).

The Chinese governments at various levels and higher education institutions have worked together to have some policies on stage. However, within a globalised context of corporate culture in higher education worldwide, 'efficiency' has been given the highest priority in China (Yang 2004). Such a policy orientation seems to be justified when the central authority decides to hand responsibility to other tiers and new actors, especially individual institutions and local governments (Bray and Borevskaya, 2001).

It is worthwhile mentioning that in the tough competition with their peers of urban family background, rural students remain at a disadvantage throughout their entire education including their employment at graduation, as the following comments demonstrate:



Most students from countryside, except the very top ones, have much more limited chance to compete with their fellow students from cities to find employment at graduation, because they do not have the same social and family connections in cities. (Anhui Medical University, Interview-6)

### **Existing schemes to support higher education students**

According to the Higher Education Law brought into effect on January 1999 (Standing Committee of the People's Congress 1998), students from families with financial difficulties may apply for subsidies or reduction of or exemption from tuition fees (Article 54). The state establishes scholarships, and encourages higher education institutions, enterprises, organizations and individuals to establish scholarships in a variety of ways in accordance with relevant regulations to award students of good character and scholarship (Article 55). A range of financial assistance measures have thus been introduced nationwide.

The loans system was piloted in 1996 and fully implemented in 1999, two years after the introduction of the official unitary tuition charge. Endorsed by the State Council, the Ministry of Education, the Ministry of Finance and the People's Bank of China launched the loan program. A total of 700 million RMB was set aside to help cash-poor students in 136 institutions, but only in urban centers including Beijing, Shanghai, Tianjin, Chongqing, Wuhan, Shenyang, Xi'an and Nanjing. The program was expanded to more areas over the next few years, targeting students from poor families and in rural areas. Loan recipients were required to repay loans with discounted interest within four

years of graduation, though the loan system offers students a 50% discount on interest. The amounts vary depending on the levels of tuition fees charged by different institutions and regions, with a maximum of 8,000 RMB for one student a year.

Implementation of the student loan program only started in early 2000. By March, the loans taken had only absorbed 1.3% of the 700 million RMB budgeted for the program, and only 0.2% of the total students with serious financial difficulties received loans due to the reluctance of the banks and the complexity of loan procedures (Huang 2005). Localities outside the eight capital cities must initiate agreements with banks within their jurisdictions to provide loans for local students. Therefore, actual start of student loan programs and their detailed regulations differed among various regions. In relatively less affluent areas, local governments launched their student loan programs after 2001. The maximum amount of a student loan was reduced to around 6,000 RMB per academic year, with an eligibility quota of less than 20% of student population.

Traditionally Chinese people are reluctant to have debts (Johnstone *et al.* 1998). While such values are still visible as some students' families try to avoid borrowing as long as they can manage, a recent change in students' attitude towards debt is evident. They no longer think that 'taking loan is embarrassing', and exhibit confidence in their ability to repay loans in the future. Huang's (2005) study of the Southwest region showed that the loan program had reached 32% of the students, and covered less than 50% of the costs of those students.

There have been problems with the implementation of the loans scheme because of the high default rate. Owing to high subsidy element of the loans and the resulting low

profit for providers, the loans are poorly managed. Furthermore, banks in Beijing and Guangzhou reported that at least 10% and 38% university graduates respectively were in arrears with their payment (Du and Mao 2003). In 2004, a new system of student loans was initiated to guarantee the continuation of student loans. In the new system, the government subsidizes the interest before the student's graduation from university. Students pay back the loans within six years after graduation but there is no threshold for repaying. To mitigate the risk of bad payment to the bank, the government and university jointly set up a Risk Compensation Fund for the bank, approximately 6% of the contract value. Government and university pay 50% of the compensation fund, respectively, to the contract bank. In July 2006, the Ministry of Education and the Bank of China finalized the financial arrangements between government, university and bank (Sun and Barrientos 2009).

China's existing loan schemes are often criticized for the small proportion of students they have covered and for their low level of support (Huang 2005; Sun and Barrientos 2009). In 2008, enrolment in China's regular higher education institutions totaled 20.1 million. Among them, 4.74 million were from low-income families. Only 0.67 million were able to receive loans (Cui 2012). According to Long and Li (2009), 16.88% of Chinese students were on loans. Zang and Shen (2010) reported only less than 10% students are on loans. Due to the lack of social trust and effective penalties for dodging creditors, compensation for costs and risks for banks cannot be guaranteed. There have been difficult discussions and negotiations between higher institutions and banks. Moreover, loan schemes favor the enrolments in public regular higher institutions.

Loans are less accessible for those students in private institutions and independent colleges.

Another major part of the support system is a scholarship scheme established for all undergraduate candidates in 1986-1987 and later extended to postgraduate candidates in 1991. Compared with loan programs, the impact of scholarships are more limited especially for rural students. This is due to the number and amount of available scholarships which reach only to a small number of best academic performers. Introduced in May 2002, the National Scholarship Scheme of scholarships targets 45,000 students annually, and provides up to 6,000 RMB per year per student, with academic merit rather than family financial difficulties as its foremost criterion. Scholarships are generally modest in amount, and benefit only a limited proportion of students. They are more accurately seen as a subsidy than a grant, and often beyond the reach of many in bad need of support.

### **Findings from fieldwork**

Our empirical data show that while expansion has overall created more opportunities for some students to receive higher education, China's contemporary higher educational policies based on established institutional arrangements have led to some further inequalities between jurisdictions and urban-rural disparities. It is also evident that tuition fees are causing great financial burden to many rural students, despite that loans and scholarships amend urban-rural inequality to a limited extent. Here, we have summarized our major findings based mainly on the remarks made by our interviewees:

*Impacts of expansion on higher education access*

As shown by our Shanghai Jiaotong University case, while it is in general difficult for rural students to enter flagship universities, some rural students have successfully managed to get there. They are usually highly intelligent and industrious. Once they are admitted into such institutions, they are often well serviced by national and institutional schemes to complete their studies. As one respondent put it:

Our annual undergraduate admission is around 4,000. About 20-30% is from rural poor families. While one can question the percentage as still a minority, we believe this is quite substantial already. (Shanghai Jiaotong University Interview-1)

Such comments were confirmed by another interviewee from a much different institution, as follows;

Access to higher education for rural students has been considerably increased after the expansion. Our experience shows typically the large situation in relatively less developed regions. (Anhui Medical University Interview-2)

*Impacts of admission policies on higher education access*

In general, equality has been better achieved in undergraduate admissions which are based mainly on scores of the national entrance examination. However, some question the social justice of the examination, especially because there have been regional variations and disparities. For instance, students in Jiangsu and Zhejiang provinces tend to score much more highly than their peers in

other provinces. Meanwhile, students in major cities such as Tianjin and Shanghai can get into universities with much lower entry scores. When asked for comments about this, one respondents based in Shanghai remarked in a defensive way;

These students (those local students enrolled with lower entry scores) have their own strengths such as better English proficiency and a higher level of all-round development. (Shanghai Jiaotong University, Interview-7)

Our respondents from a regional university explained further:

It is true that equality in higher education remains a tough issue. Within a national context of expansion, different situations are in different areas. In our province, if one scores over 500 in the national entrance examination, s/he can never enter the good universities in Beijing or Shanghai, can only choose low-tier institutions instead. (Anhui Medical University, Interview-2)

### *Impacts of tuition fees on aspiration of rural students to higher education*

With the great difficulty in receiving high quality tertiary education, there has been wide spread common practice in rural areas that tertiary studies are useless, as explained by an interviewee below:

There is a huge imbalance between investment and return. If young rural people cannot get admitted into good universities, they would rather give up higher education and travel to cities to find jobs. Otherwise, it would be difficult for them to get satisfactory return from the education they receive from low-tier institutions. Educational costs are

getting increasingly high, right from basic education. (Shanghai Jiaotong University, Interview-7)

Another respondent, an established professor, echoed this judgment, with more positive view about China's financial support system:

Tuition fees have little impact on those from middle-class or above, but more on the very poor. However, with the (financial) support policy, things are getting much better. (Anhui Medical University, Interview-2)

### *Loan and scholarship enhance higher education chances for rural students*

Although students' opportunities to secure their scholarships and other forms of financial assistance vary, such schemes have enhanced higher education chances for some rural students. The positive signs of China's existing support schemes are clearly demonstrated by the following comments:

In our University, those eligible for financial assistance never have problems in getting them. (Shanghai Jiaotong University, Interview-1)

Due to the financial support measures such as students' loan, scholarship, aids and grants, and part-time work arrangements on campus, all students enrolled in this university could pay the tuition fees and are affordable to higher education. Overall, the government has been doing a reasonably good job. (Anhui Medical University, Interview-3)

Students' loan scheme is very helpful for supporting rural students and those who are from socio-economic disadvantageous families. (Maanshan Teacher's College, Interview-1)

Here, once again, the situation varies from institution to institution. The general scenario is that financial issues are much less serious for those admitted into the most prestigious universities, as demonstrated below:

Due to our status, we promise our students their educational opportunity wouldn't be affected by tuition charges. (Shanghai Jiaotong University, Interview-1)

The same view was expressed by Shanghai Jiaotong Interviews-3-4-5, who further pointed out that 12% students would apply for financial assistance, and usually could succeed. This was further confirmed by a female teacher at Shanghai Jiaotong who has a PhD from Japan:

Inequalities are already serious at primary and secondary levels. They just continue in higher education. However, this is not an issue here as we have got enough donations (mainly from alumni) to provide every student we admit with sufficient financial support. (Shanghai Jiaotong University, Interview-2)



We don't have many applications for financial assistance. Scholarships and grants are sufficient here. Indeed, we have more than enough. About half of our students can get certain kinds of fellowships. (Shanghai Jiaotong University, Interviews-6 & 7)

It is not surprising that our two other case study institutions are in very different situations. However, even based on their experience, it becomes increasingly evident that China's schemes to support higher education students are working better, as one respondent from Anhui Medical University says:

Tuition fees affected some people's educational opportunity. But recently with various assistance including scholarships, grants and loans, tuition fees are increasingly much less a problem. (Anhui Medical University, Interview-1)

However, the real situation might be much layered, as described by another academic from the same institution who also pointed at the institutional differentiation:

Scholarship opportunities are too limited. Institutions like us are very different from those major ones in Beijing and Shanghai. Most of our students are from

rural background. We don't have enough scholarships to meet their need.

(Anhui Medical University, Interview-2)

Understandably, institutions at the bottom of the Chinese system are in an even more different situation, with much heavier reliance on financial assistance, as shown below. However, our empirical data dispute the aforementioned criticism. Indeed, few respondents complained much about China's existing schemes to support higher education students.

About 69% of our students receive certain kind of financial assistance.

(Maanshan Teacher's College, Interview-3)

### **Concluding Remarks**

In China's long history, higher education belonged to high class. Birth origin determined an individual's social status. After a variety of radical actions taken by the communist government to fight against such traditions for decades, today's Chinese higher education has once again become an institution of social stratification. Mao's attempt to fashion a mass-based educational system catering to the needs of the peasantry is being transformed into a triumph of middle-class ideology (Kelly and Liu 1998).

The above account challenges the claim by market transition theory that market will replace state redistribution as the primary allocative mechanism of resources (Nee and Matthews 1996). While increasing earnings returns to education are well

acknowledged (Wu and Xie 2003), the continuing advantage of those in position of influence within the Chinese system indicates that political capital still matters and social structure in China is more resilient to change than it seems (Walder 1996). It also debates the classical economic theory which postulates that expansion of education will reduce inequality by increasing the supply of skilled workforce (Kuznets 1955; Gottschalk and Smeeding 1997). Rather than contributing to income equality, the expansion of education in China has not reduced inequality (Hannum and Xie 1998).

The educational gap among urban and rural segments reflects both the widespread disparity in the level of economic development and the longstanding historical and socio-cultural differences between cities and countryside. Students from rural areas face strong structural inequality in educational opportunity (Postiglione 2006).

The educational gap between urban and rural populations is institutionally legitimized and further enhanced as reforms go on. It is only part of the overall picture of urban-rural disparities in China, of which many resulted from social institutional arrangements, especially the longstanding dual structure featured by the great divide between cities and countryside and inherited from the planned system. There are multiple reasons within the education system as well. There is a tendency to prioritize urban education as evidenced by China-specific key-point schools ranging from basic to higher education (Hannum 1999). Another factor is China's discriminatory university student admission policy---admission system based on quotas, which gives preferences to students from cities (Yuan 2003). Meanwhile, there has not been much differentiation in tuition fees charged by national key-point and average provincial universities. Indeed,

some low-status private universities and colleges charge much more. Rural residents thus have been doubly discriminated against: paying higher fees to receive education of lower quality.

This study has evident implications for China's future reform policies for marketization and privatization. The growing educational inequality especially at the upper level of schooling will fuel greater earnings inequality between urban and rural communities (Nee and Cao 2004). The government has just started to tackle this only because it now sees the possible grave consequences of political instability (Lin 2010; UNDP 2005). However, how successful its response could be remains highly doubtful as this is not only a challenge to its imagination and administrative skills, but a challenge to the power of many of those within the system. It also calls for a reconsideration of the role of private financing mainly through tuition fees.

The above discussions of China's experience also shed light on the practices in some other Asian societies with similar issues of shortage of educational opportunities for rural population and imperfection of institutional development in the process of marketization. For such societies, there is an urgent need for changes to established institutions. Researchers are duty-bound to alert policy makers to the existence of widespread educational discrimination against rural people. This becomes an arduous and pressing task in a context of globalization, something always used by governments to legitimize their emphasis on economic growth over the development of new social relations, including more equal distribution of goods and services and educational opportunities.

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Table 1. Urban-rural access opportunity differences in various higher education institutions after the expansion of enrollment, 2004

University Type	Urban-rural Access Opportunity Rate
Project 985 institution*	2.42
Public key institution	1.85
Public ordinary institution	1.41
Public specialist institution	1.56
Private institution	3.85
Private specialist institution	2.76
Independent institution	4.97

Source: Fan, M..C. (2008). Research on urban-rural difference in China's higher education opportunity, *Education Science*, 24(1), 63–67 (in Chinese). Cited from Wang, Houxiong (2011), Access to higher education in China: Differences in opportunity, *Frontiers of Education in China*, 6 (2), 227-247.

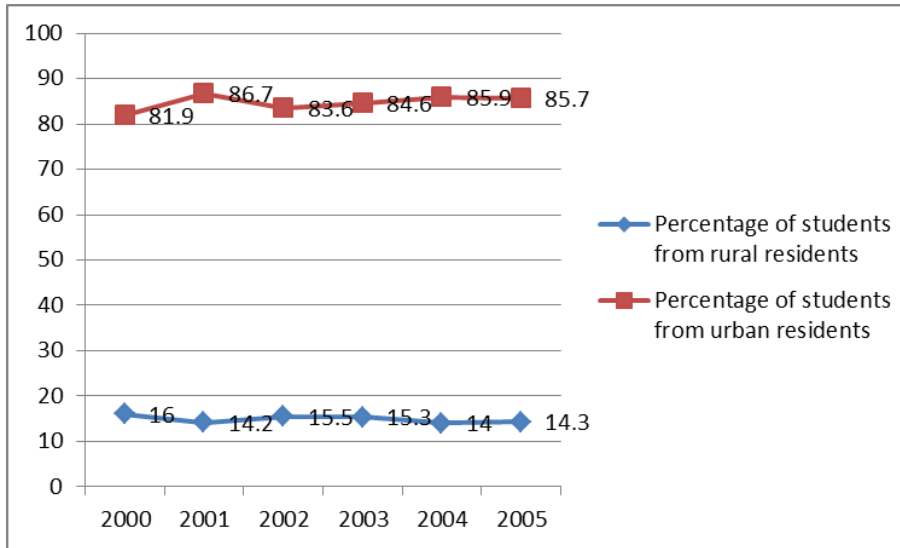
Note: \*Project 985 institutions refer to the first tier public universities, project 985 is a Chinese government policy launched in May of May 1998 at the centennial anniversary of Peking University.

Table 2. Percentages of rural students of total undergraduates at Peking and Tsinghua Universities, 1990-1999

Year	Peking University			Tsinghua University		
	Total Enrolments	Rural Students	Percentages	Total Enrolment s	Rural Students	Percentages
1990	-	-	-	1994	433	21.7
1991	-	-	18.8	2031	385	19.0
1992	1810	403	22.3	2080	381	18.3
1993	910	168	18.5	2210	352	15.9
1994	-	-	20.1	2203	407	18.5
1995	2089	436	20.9	2241	451	20.1
1996	2164	425	19.6	2298	431	18.8
1997	2211	420	19.0	2320	452	19.5
1998	2240	415	18.5	2462	510	20.7
1999	2425	396	16.3	2663	506	19.0

Source: Zhang & Liu (2005).

Figure 1: Ratio of new students by household registration in Peking University, 2000-2005



Source: Liu *et al.* (2012).

Table 3. Urban and rural undergraduate students at Anhui Medical University

Year	Urban Students		Rural Students	
	Enrollment	Percentages	Enrollment	Percentages
	Number		Number	
2000	2871	54.98	2351	45.02
2005	5507	60.46	3601	39.54
2006	5856	59.52	3983	40.48
2007	6447	58.26	4618	41.74
2008	7006	57.12	5259	42.88
2009	7582	55.48	6083	44.52

Source: Based on on-site collected information in July 2010

Table 4. Urban and rural students enrolled in 3-year teacher training programs at  
Maanshan Teacher's College

Year	Urban Students		Rural Students	
	Enrollment	Percentages	Enrollment	Percentages
	Number		Number	
1995	274	40	411	60
2000	262	52.09	241	47.91
2005	2177	59.99	1452	40.01
2006	2962	60	1975	40
2007	3402	60	2268	40
2008	4259	70	1825	30
2009	4546	70	1948	30
2010	4510	70	1933	30

Source: Based on on-site collected information in July 2010