The Impacts of Neo-Liberalism on China's Higher Education

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Introduction

In the last two decades, China has experienced significant economic transformations and social changes. The economic reforms started in the late 1970s have unquestionably enabled some social groups to become wealthy. Nonetheless, the same processes have also widened the gap between the rich and the poor and intensified regional disparities in China (Keng, 2006; Weil, 2006). Most significant of all, embracing the market economy has inevitably challenged the way socialism is practiced in China: this has also led to the growing prominence of ideas and strategies along the lines of neo-liberalism being adopted not only in reforming the economic sector but also in managing the public sector and in delivering social policy (Wong and Flynn, 2001; So, 2006). More recently, the Chinese government has attempted to internationalize the country by following the models set out by some of the supranational organizations such as the World Bank and the World Trade Organization (WTO). After struggling for 15 years for membership, China achieved accession to the WTO in 2001. After becoming a member of the WTO, it is clear that the norms, guidelines and regulations of that organisation have influenced not only the way that trade and business are managed, but also how Higher Education is run, especially when Higher Education is defined as a service by the General Agreement on Trade as a WTO directive (Zhang, 2003; Siqueira, 2005; Huang, 2006). As with other Asian countries faced with the global trends of privatisation, marketization and commodification, China has appropriated the neo-liberal policies and pro-competition instruments to reform and restructure its education (Min, 2004; Mok, 2006). Under the intensified pressures for improving the global competence of university graduates, China, on the one hand, has to expand higher education enrolments, and on the other hand, has attempted to assure high quality in teaching and research to compete internationally and globally (Ngok and Guo, 2007). As dependence 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 Higher Education provision, hence diversifying education services and proliferating education providers (Mok, 2005; 2006).

It is against such a wider socio-economic background that the private / *minban* Higher Education providers have paid for much of the sector expansion, leading to revolutionary changes and imparting a growing 'privateness' to China's Higher Education system (Shi, et al., 2005; Mok, 2006a). The adoption of pro-competition policy instruments along the lines of privatization, marketization and commodification in transforming the social service delivery, together with the adherence to the neo-liberal ideas of governance, have further intensified social inequality and deepened the crises of regional disparities (UNDP, 2005; Yao, Zhang and Hanma, 2004). This article sets out in the wider policy context outlined above to examine how China's Higher Education has been transformed and restructured, and will continue to be so when far more pro-competition and market-oriented reform measures are introduced. More specifically, this article will critically examine how these reforms have intensified the problems of educational inequalities and social justice in China.

China's Transition Economy and Marketizing and Privatizing Education

Since the late 1970s, the modernization drive, the reform and opening up to the outside world has transformed China's highly centralized planning economy into a market oriented and more dynamic economy. The adherence to market principles and practices has not happened only to the economic sphere but also affected the way social welfare and social policy is managed. Unlike the Mao era that citizens in urban China generally enjoyed social welfare provision through their employing work units, the policy of decentralization and marketization being adopted to reform the social policy domain has significantly reduced the state provision and financing in social service and social provision (Leung, 1994; Guan, 2001). In order to cut welfare burdens and promote the economic efficiency of the state sector, social policy provision, social security and social protection has experienced significant restructuring. Chinese citizens have had to become self-reliant and have had to face paying for major social services such as health, education and housing (Wong and Flynn, 2001; Wong, White and Gui, 2004). As Cook (2002) has rightly suggested,

Chinese citizens no longer enjoy the 'iron rice bowl' and major social responsibilities have gone to individuals and families. Hence, it is not surprising to hear complaints among Chinese citizens about the three new mountains (symbolizing more financial burdens for education, housing and health) being left by the state to them (Zhu, 2005).

In the new market economy context, the old way of 'centralized governance' in education has been rendered inappropriate (Yang, 2002). Acknowledging that over-centralization and stringent rules would kill the initiatives and enthusiasm of local educational institutions, the Chinese Communist Party (CCP) called for resolute steps to streamline administration and to devolve powers to units at lower levels to allow them more flexibility to run education. As early as 1985, the CCP issued the *Decision of the Central Committee of the Chinese Communist Party of China on the reform of the Educational System* which marked the beginning of a process of educational reform and gradually aligned the educational system with the newly emerging market economy. The documents called for the devolution of power to lower levels of government and a reduction in the rigid governmental controls over schools (CCCCP, 1985). Since then, the state has started to diversify educational services, allowing and encouraging the non-state sector to establish and run educational institutions. Meanwhile, the state has deliberately devolved responsibility and power to local governments, local communities and other non-state actors by providing the necessary framework for educational development (Hawkins, 2000; Ngok and Chan, 2003). The *Outline for Reform and Development of Education in China* issued in 1993 restated the reduction of centralization and government control in general as the long-term goals of reform (CCCCP, 1993). The government began to play the role of 'macro-management through legislation, allocation of funding, planning, information service, policy guidance and essential administration', so that 'universities can independently provide education geared to the needs of society under the leadership of the government'. The retreat of the central state provided space for local states as well as non-state actors to take more responsibilities for education provision, financing and regulation. Therefore, non-state bodies started to provide education in the formal education sector, thereby leading to the emergence of *minban* (people-run) schools.

Reshuffling the monopolistic role of the state in educational provision and reform in educational structure started in the mid-1980s and has resulted in a mix of private and

public consumption (Cheng, 1995). To meet the challenges of the rapidly changing socio-economic environments wrought by the rise of the knowledge-based economy, the Chinese government has recognized that depending upon the state alone would never satisfy the strong demands for Higher Education in the Mainland. Under these circumstances proliferation of education providers and diversification of education finance have become increasingly popular in the post-Mao era (Chen and Li, 2002; Ngok and Kwong, 2003). Despite the ideological debates over the private-public distinction in education, the post-Mao leaders have been pragmatic in allowing non-state sectors, including the private sector to provide education (Yang 1997; Mok 2000). The growing importance of the 'privateness' in education in China has indeed evolved from China's unique transitional economy context. Hence, education institutions at all levels are active in establishing collaborations with sectors from diverse backgrounds, involving both public and private and overseas institutions. With the emergence of self-financing students and non-state education providers (including private and foreign ones), China's education has been undergoing the processes of diversification, marketization, privatization, commodification and decentralization (Borevskaya, 2003; Mok, 2000; Ngok and Chan, 2003). Having briefly reviewed the policy background for the rise of the neo-liberal approach in running Higher Education, let us now turn to see how the Higher Education sector has been transformed by the ideas and practices of neo-liberalism.

Embracing Neoliberalism: Educational Restructuring in Post-Mao China

Reductions in State Role and the Growth of Individual Contributions

In the early 1980s, Deng Xiaoping, the late leader of the CCP, made a very important remark that the Chinese government would commit itself financially by raising the government investment in education to around 4% of GDP. Since the 1980s, the Chinese economy has had significant and consistent growth with an average rate of 9-10% annually. Nonetheless, the total allocation of government funds to education has been repeatedly reported as lower than Deng Xioaping's target. In 1995, only 2.41% of GDP was allocated to education, increasing to 2.79% and 3.22% in 1999 and 2002 respectively. But state education financing declined again in 2005 with only around 2.79% of GDP being allocated in that year (see Table 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 Programme Guidelines on Education (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).

Table 1: Public Education Expenditure as a Percent of GDP

unit: billion *yuan*

Year	Gross Domestic Product	Government Appropriation for Education	Percentage (%)
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

Sources: NBSC 2005

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

As for the school education sector, the central state recognizes the importance of providing basic education to Chinese, hence, the school education sector has attracted relatively more state funding than that of higher education. With the relatively generous financial support from the government, the net enrolment rate of primary school age children attained 98.9% according to the 1998 statistics. In fact, the proposed nine-year compulsory education has been implemented since the promulgation of the *Compulsory Education Law* in 1986. With regard to junior secondary, a 73% attendance rate has been achieved. In many urban areas and economically developed coastal areas, senior secondary education has progressed well. By setting 2010 as the target date for 100% provision, the Chinese government

hopes to improve basic education to the level of developed countries. Nonetheless, the role of the central government has steadily reduced in the last two decades. Under the policy of decentralization, the central ministry is only responsible for macro-management, while 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. Against this policy context, private organizations and even individuals have engaged in setting up *minban* schools. However, there have been corruption cases where local schools and education departments have charged excessive fees when they are given more operational autonomy and financial flexibility (Yang, 2005).

As for Higher Education, the state has retreated prominently in terms of its financial support. One source suggests the state financial support to higher education had actually declined from 93.5% to 50% in 1990 to 2002 respectively (X. Chen, 2006). With the continual decline in the central government's allocations to education, educational financing and provision has heavily relied upon the financial abilities of 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 chuji jieduan*), 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. Early in the 1980s, the plan for fee-charging students was regarded as 'ultra-plan', implying that the in-take of these 'self-supporting' students was beyond the state plan (Cheng, 1996). But after the endorsement of a socialist market economy in the CCP's Fourteenth Congress, the State Education Commission officially approved institutions of higher education admitting up to 25% students in the 'commissioned training' or 'fee-paying' categories in 1992. In 1993, 30 higher learning institutions were selected for a pilot study for a scheme known as 'merging the rails', whereby students were admitted either because of public examination scores or because they were willing and able to pay a fee though their scores were lower than what was formally required. In 1994, more institutions entered the scheme and the fee-charging principle was thus legitimized

(Cheng, 1996). The structural change in the financing of education in China is more obvious in Higher Education. Before the 1990s, the number of fee-paying students was only a very tiny group but it has been increasing since the adoption of the 'user charge' principle. The percentage of fee-paying students in Higher Educational institutions in Shanghai increased from 7.5% in 1988 to 32.1% in 1994, showing a huge jump in 'self-financing' students (Yuan and Wakabayashi, 1996).

Now, all university students have to pay tuition fees and the user-pays principle has been made the foundation of Chinese education. According to a recent report, the tuition fees in Higher Education have increased by 24 fold, jumping from an average tuition of 200 *yuan* per student in 1986 to about 6,000 *yuan* in 2006. Zhu Qingfang, a well known sociologist who has been monitoring Chinese urban residents' consumption patterns, repeatedly reports the heavy financial burden for parents in financing children's education. More recently, at least one-third of the household consumption in urban China has been allocated to education, health insurance and housing. In 2004 alone, education expenditure constituted around 7.8% of the total expenditure of urban residents in China. Comparing the urban household educational expenditure of 2004 with that of 2000, it increased by 41%, with an annual growth rate of 9% in the last few years. In the last ten years, Chinese urban residents had paid around 2000 billion *yuan* to education ministries / departments at different levels (Zhu, 2005: 94). In urban Zhejiang, one of the most economically prosperous area in China, per capita education expenditure in year 2003 was around 802 *yuan*, increased by 4.2 times when compared to the figure of 1995 or an increase by 8.6% when compared to the figure of the previous year. Another study regarding education expenditure conducted by Zhejiang provincial government also suggests an ordinary urban household in the province had to spend around 10,398 *yuan* annually for children's education in 2005. Using the price of the year 2004, one source even suggests a cumulative sum of fees being paid to an ordinary Chinese student from kindergarten to university is around 14,000 *yuan* (Dai, 2005). One recent report even suggests that now a four-year bachelor's degree can carry a price tag of up to 60,000 yuan, this amount would take a farmer in some underdeveloped areas more than 30 years to generate (Li, 2007). Therefore, a number of university presidents and educationalists in China criticize the government for denying its responsibility in

educational financing and has not kept its promise in its commitment in educational development (*Mingpao*, 8 March 2006).

According to the most recent yearbook compiled by the Chinese Academy of Social Sciences, 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, 2007). Yin Jianli, a researcher with Beijing-based NGO Western Sunshire Action, recently pointed out that 'a college student from a poor rural region used to carry the hopes of an entire family, but now the initial elation of a university offer quickly turns into desolation for many rural families because supporting a college student can plunge them into dire straits'. A recent news reporting a very sad story that the father of Chen Yi, one of the top students in class in Shanxi, killed himself out of shame in June 2006 because of his financial inability to send his son to university despite the fact that his son had got excellent results in the national college examination (Li, 2007). If we take other miscellaneous fees such as private tutoring, nursery, and interest class fees into consideration, the expenditures related to education in China have constituted a significant part of urban dwellers' consumption (Dai, 2005). For instance, the growing importance of English instruction and the call for internationalization in China has resulted in a huge amount of money being spent on private courses and lessons in English in urban China. The many language schools tutoring for the TOFEL examinations have clearly shown the popular social phenomenon of 'Money talks English' in China. Thus, English language learning becomes a kind of icon or emblem of the process of neo-liberal privatization.[2]

Proliferating Education Providers and the Rise of Private / Minban Sectors

Another prominent change resulting from the adoption of the neo-liberalist approach in education is the growing prominence of the 'privateness' in China's higher education. In late 1993, the *Program for Reform and the Development of China's Education* stipulated that the national policy was actively to encourage and support social institutions and citizens to establish schools according to laws and to provide guidelines and strengthen administration (CCCCP, 1993). Article 25 of the *Education Law* promulgated in 1995 reconfirmed once again that the state would give full support to enterprises, social institutions, local communities and individuals to

establish schools under the legal framework of the People's Republic of China (PRC) (SEC, 1995). In short, the state's attitude towards the development of non-state-run education can be summarized by the phrase 'active encouragement, strong support, proper guidelines, and sound management' (*jiji guli*, *dali zhichi*, *zhengque yindao*, *jiaqiang guanli*). Under such a legal framework, coupled with the 'decentralization' policy context, educational providers have proliferated, particularly when the Chinese state in an effort to expand capacity encouraged all democratic parties, people bodies, social organizations, retired cadres and intellectuals, collective economic organizations and individuals subject to the Party and governmental policies, actively and voluntarily to contribute to developing education through various forms and methods (Wei and Zhang, 1995: 5).

In 2005, Hu Jin, Head of the Department of Education Planning and Development of the Ministry of Education, People's Republic of China (MOE), reported on current developments of private / *minban* Higher Education at a press conference, indicating that by the end of 2004, there were 1.4 million students enrolled in these institutions, which accounted for 10.4% of the national total, representing an increase of 3.16%. According to Hu, approximately 1,300 private / *minban* Higher Education institutions had developed by 2004, of which 228 have received official authorization to grant diplomas and 23 have been authorized to offer undergraduate degrees (China Education and Research Network, 2005). Another report suggests that of the 1,260 private / *minban* higher education institutions, 50 of them have become so-called '*wanren daxue*', meaning that each of them has enrolled over 10,000 students (Lin, 2006). Officials from the MOE also project that future Higher Education expansion will take place through the private / *minban* sector (China Education and Research Network, 2005). Despite the fact that the private / *minban* Higher Education sector remains small when compared to the large public sector, the private share of enrolments has been spectacular in terms of its growth rate, specially when viewed in a socialist political context. Seen in this light, education provision has obviously been diversified in the post-Mao period, especially with the increase in the privateness and the popularity of these market initiatives in Higher Education governance (Lin, et al., 2005; Mok, 2005; Levy, 2006).

More importantly, the rise of private / *minban* sector in China's education has developed towards a hybrid of public and private. Two types of *minban* Higher Education, namely second-tier colleges and transnational programmes jointly offered by Chinese and foreign partners, are examples of the public-private blurring. Second-tier colleges refer to the extension arm of public (national) universities, which are run as 'self-financing' entities and operated in terms of 'market' principles. Bearing in mind the criticisms of other *minban* colleges (lacking 'self-discipline' and posing difficulties for management), such kinds of publicly-owned but privately-run higher education institutions are established as alternatives for achieving the policy objectives of increasing the higher education enrolment rate (Lin, 2004; Lin, et al., 2005; Shi, et al., 2005). But, with their characteristics of fee-charging under the market mechanism, second-tier colleges also serve as revenue generating projects, much appreciated against a background of deceasing government financial support. It is against this wider policy context that these sorts of 'quasi *minban*' institutions have become increasingly popular in China. By 2005, there were 344 second-tier colleges throughout China, enrolling 540,000 undergraduate students (Chen and Yu, 2005: 167).

Furthermore, China joined the World Trade Organization (WTO) and subscribed to the GATS agreement. These actions represent the post-Mao leaders' recognition for by permitting competition in the market of ideas and knowledge products, which provides a framework to rationalize the global trade in knowledge (Altbach, 2004). This provides an ideological rationale for the rapid development of international public-private partnership of Higher Education, such as jointly offered academic programmes by local and foreign institutions, in China (Huang, 2005). In 2003, the government has issued the *Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools*. This document not only provides details on governing transnational Higher Education, but also more importantly, allows overseas institutions of higher learning from making a profit from these joint programs (State Council, 2003). It is against such a policy context that developing international public-private partnerships in running Higher Education programmes has become increasingly popular in China. By 2004, there were 745 joint programmes provided in Chinese institutions in collaboration with overseas partners. As the Higher Education sector in China is still dominated by public sector in term of provision, most local

providers are public universities, thereby representing a growing trend of private-public partnerships in Higher Education provision in China (MOE, 2006). 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 a 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 neo-liberalist approach have also resulted in educational inequality, regional disparity and social injustice in post-Mao China.

When Neo-liberalist Efficiency Clashes Socialist Ideals: Unequal Access and Inequality in Education

Education Inequalities and Over-charging Students within Chinese Cities

The social structural characteristics of the communist China are important factors affecting the access and equal opportunities to education attainment. In the era of planned economics, the Chinese institution *hukou* (household registration system) was the key determinant of the opportunity for receiving education. 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). This duality resulted in better social services and welfare provision for urban dwellers, provided by their urban work units systems; while citizens in rural China had enjoyed less privileges when compared to their urban counterparts. Since major universities, particularly top-tiered national universities have long been concentrated in major Chinese cities; urban drawlers 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 the same access to Higher Education since 1958.

Even in the post-Mao era, the *hukou* system still imposes institutional constraints on rural migrants, despite the fact that many of them have stayed in urban China for work and residence (rural-urban migration has become increasingly common throughout the

country in the post-Mao era). Having been regarded as temporary migrants or the Ôfloating population', these new urban migrants have not obtained the similar social status as their urban counterparts because they are still classified as rural citizens without an urban *hokou* 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 the local government had to bear the financial burden (Liu, et al., 1998). As a result of the two admissions criteria for schools in urban China (students must have residence within the local school district in the city and be registered in the school district), children of these rural migrants would encounter difficulties in getting their school places, despite the fact that the Ministry of Education has promulgated the *Temporary Regulations Concerning the Education of Children of the Floating Population*, which stipulates that children from temporary migrant families should be primarily enrolled in local schools. Although some local schools in cities accept these temporary migrant children, their parents have to pay for the not inconsiderable education endorsement fee (*jiaoyu zanzhu fei*), (Cao, 1997). However, local governments and schools have not followed closely the policy directions set out by the central ministry. Instead, many local governments and schools have over-charged 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 the group was working to pay 10,000 yuan for secondary education and 1000 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 and 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 by *hukou* and students are free to apply for admissions to university nationwide, charging excessive fees from student is 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 and Kwong, 2003; Mok. 2005). In 2005, more than 20% 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 denied Higher Education because of poverty: such a public dominated mode of higher education system could provide more opportunities for social mobility (Levin and Xu, 2005: 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 good to private commodity in the post-Mao era (Chou, 2006; Wan, 2006).

What makes the situation worse is under the current system, the students, their families and teachers are forced to single-mindedly pursue a university place and therefore create tremendous both financial and psychological burdens on students and families. Living in a highly competitive environment, Chinese students have to prove that they are academically outstanding by getting good results from various kinds of public examinations or national tests. For example, all students must pass the College English Test (CET) at Band 4 at a BA degree. In other academic fields, the requirements are even higher. Students in the field of business or those who want to proceed to post-graduate studies should get a CET-Band 6 level. The emphasis on higher English standard has inevitably created additional financial burdens for families to spend on English classes in urban China. What really bother Chinese students are the excessive psychological pressures for passing TOEFL / IELTS tests for their English proficiency. A Chinese girl told a researcher that 'I wished I had been born in a poor rural family. It would have been better for my childhood and life as a teenager. All I did was study study study'. Above and beyond the financial pressures, Chinese students and their families in urban China are burdened by the growing psychological pressures to do well in education.[3]

Realizing the intensified financial difficulties for students in paying for their Higher Education, the MOE has collaborated with the Bank of China to launch a new loan scheme in offering financial help to students being admitted by public universities since 2004. According to the government statistics from 2004 to 2006, the scheme

covers 115 universities and it has granted 4.35 billion *yuan* loans to 322 thousand students, indicating that about 15.4% of the total number of students received such financial aid. By reporting such figures, the government claims that the scheme has basically responded to students' financial needs. Because of the success of the loan scheme and positive response from the students, the government has decided to extend the scheme to 2010 (MOE, 2006). Despite the government's efforts to help students to resolve their financial difficulties in paying for Higher Education, the newly launched loan scheme is far from adequate. The loan scheme may offer help to those students who are admitted to public universities, especially those studying in national universities. Nonetheless, for those studying in the *minban* institutions, regardless of whether they are normal *minban* or second-tier colleges, there is very limited or even no financial support. As a result, the rise of privateness in Higher Education with toping-up tuition fees implies denying students from poor families access to Higher Education, particularly for those who are not able to get places within the top universities led by the central ministries. In short, this merit based financial aided scheme can only be regarded as an elite mode but is far behind the current policy of massification of Higher Education.

In short, the growing prominence of the 'privateness' in education finance and provision has indeed intensified the problems of education inequalities in China. As Yang (2007) has rightly argued, the education system in China has never been inclusive because of the *hukou* system which has long been created structural barriers to promoting equal access to education for both urban and rural residents. Our above discussions have clearly shown how the adherence to the neo-liberal 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 Ð differential treatments between the urban and the rural residents which favour the former but socially exclude the latter.

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 cities and countryside. For instance, the Higher Education expansion in China is highly uneven. According to a study on the allocation of 1,051 higher education institutions across the country, 153 are located in three municipalities, constituting to 14.6%; while 462 are located in provincial capital cities, representing about 44.9% of the total. However, the number of municipalities and provincial capital cities constitutes only 5% of the number of cities in China. Regarding university allocation in inland and rural regions, no university led by central ministries are located in Qinghai and Guizhou, two inland provinces in China (citied in Zhong, 2006). Table 2 shows that there were 112 Higher Education institutions in Jiangsu, one of the most economically developed provinces, enrolling 994,808 students, but there were only 94 Higher Education institutions in Guizhou, enrolling 179,852 students in 2004. Another important indicator showing inter-province inequity is the number of students per 100,000 inhabitants. The national average is 1,420 but we can easily find that for Beijing alone, there were about 6,204 in 2004 while there were only 985 in Anhui in the same reporting year. Comparing the household consumption expenditure of three relatively wealthy regions in China (i.e. Beijing, Shanghai and Tianjin) with those three relatively poor regions (i.e. Guizhou, Guangxi and Gansu) in terms of the number of students per 100,000 Inhabitants, we find that the average rate of the three most wealthiest is 4.6% but that of the three poor regions is only 0.9%. When comparing the financing situation between these locations, the total non-state educational grant[4] of the three wealthy regions grew to 3.45 billion *yuan* in 2004, but it recorded only 800 million *yuan* in the three poor regions (see Table 3) (MOE, 2005). Such a comparison has clearly shown the educational disparities between the rich and the poor regions in China. It can also be argued that the newly emerging market-oriented Higher Education might further widen these regional disparities. For example, the joint programmes provided under Chinese-foreign cooperation are concentrated in the eastern coastal areas. In 2004, the majority of programs were concentrated in Shanghai (111), Beijing (108), Shandong (78), Jiangsu (61), Liaoning (34), Zhejiang (33), Tianjing (31), Shanxi (29), Guangdong (27), and Hubei (23), most of these areas are close to the east coast of China.[5] 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 programmes.

Table 2: Number of Regular Higher Education Institutions and Numbers of Enrolment in Selected Regions in 2004

Region	**No. of Regular Institutions**	**Total Enrolment**	**No. of Students per 100,000 Inhabitants** *
National	1731	13,334,969	1,420
Beijing	77	499,524	6,204
Tianjin	40	285,655	3,845
Shanghai	58	415,701	3,694
Jiangsu	112	994,808	1,768
Gansu	31	200,282	1,089
Anhui	81	501,290	985
Guangxi	49	281,044	909
Guizhou	34	179,852	745

Sources: NBSC, 2005

Notes: Number of Students per 100,000 Inhabitants is based on the number of students in regular institution of higher education and adult institution of higher education.

Table 3: Non-state Educational Grant in Selected Region in 2004

unit: million *yuan*

Region	Social Organizations and Individual	Donation and Fund Raising	Total
National	25,901	10,459	36,360
Beijing	624	522	1,146
Tianjin	477	21	498
Shanghai	1,315	491	1,806
Jiangsu	2,204	229	2,433
Gansu	186	57	243
Anhui	452	241	693
Guangxi	251	97	348
Guizhou	150	58	208

Sources: MOE, 2005

The above data clearly shows significant regional disparities in terms of Higher Education learning opportunities, with many opportunities for studying Higher Education concentrated in the socio-economically prosperous regions in the coastal area. With reference to the household consumption expenditure, it is obvious that the economic reform and development in the last 30 years has significantly improved the livelihood of those living in the coastal areas but has inevitably deepened the coastal-inland disparity.

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% of urban dwellers controlled 34% of urban wealth but the poorest 10% held a mere 0.2%. Extending this comparison to the richest 20% of the urban population with the poorest 20 % , their respective shares in 2002 were 51% and 3.2%. 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 lever of schooling (Qian and Smyth, 2005; Rong and Shi, 2001). Given that there are no universities in the rural areas of China, students from villages are eligible for applying for admissions to universities nationwide (Zhong, 2006). However, a study indicates that students from rural areas are considered inferior to those from urban areas[6] (Wang, 2005). For example, students from urban areas in Guangdong occupied 72.2 % and 89.9 % of places in the key universities led by central ministries and *minban* vocational college respectively, even though there is a relatively even allocation of places in the normal public universities and public vocational colleges (see Table 4) (Wang, 2005a: 11).

Against a similar socio-economic 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 privatisation, marketization and commodification of education, China response has been to appropriate neoliberal policies, but the issues of social access and economic justice have emerged concurrently when Chinese society is experiencing the growth of social class disparities (Luke and Ismail 2007; E. Cheng 2006).

Table 4: Allocation of Places of Study in Guangdong (2003)

Unit: %

	Overall	**Key Universities led by central ministries**	**Normal public universities**	**Public vocational colleges**	***Minban* vocational colleges**
Students from Urban Areas	60.7	72.2	50.6	48.0	89.9
Students from Rural Areas	39.3	28.8	49.4	52.0	10.1

Source: Wang, 2005

China is now confronted with the intensification of educational inequality. While 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) has 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 once confirmed that as incomes rise, spending patterns change. It is projected that urban spending on recreation and education will grow by 9.5 % 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, Gersch and Stephenson, 2006: 66-67). But what is equally alarming is when far more people living in rural China who have found themselves being socially and economically marginalized (Khan and Riskin, 2005; Keng, 2006) and many of them still face the problems of having no education opportunities or receiving only poor schooling (Murphy, 2004).

Capitalism Reinvented? Undermining Socialist Ideals in Global Neoliberalism

The growing prominence of the privateness in China's education as characterized by the rise of *minban* / private education, the popularity of transnational Higher Education, and the growing trend of private tutoring has indeed created more education opportunities for the Chinese residents who can afford to pay for education especially for those living in the major coastal cities (Mok, 2006a). Nonetheless the same processes of educational change have also widened the gap between those still seeking basic education in rural area and new cosmopolitan professional elites residing in urban China (Qian and Smyth, 2005; Yang, 2005). Similar to other developing economies in Asia, China has attempted to develop education systems which can strive to build the new classes of wired, educated transnational citizens who can assert their global competitiveness, yet the country also faces the problems of intensified poverty and educational disadvantaged groups. The migration westward of rural Chinese to the Pearl River Delta has inevitably created the educational challenges for new urban concentrations. Despite its longstanding stated focus on social equality, the Chinese government seems to be caught by the major discrepancies in educational financing across the country (Yang, 2007).

Technological advancement in post Mao China, especially the rapid development of high-tech industry, and the expansion of higher education has generated substantial changes in the employment structure. New professions and new status groups are on the rise, such as accountants, engineers, lawyers, managers, stock-brokers, speculators, and so on (Li, 2003). These developments are indicative of new forms of social differentiation and heterogeneity in post Mao China (So, 2003). Moreover, decentralization, enterprise reforms, and the success of township enterprises have greatly expanded the size of the new middle class (corporate professionals such as mid-level managers and accountants). The expansion of Higher Education institutions and the service sector has also greatly expanded the size of another segment of the new middle class (service professionals such as teachers and journalists), while other social groups such as private entrepreneurs have benefited from the same change processes and become rich (So, 2005; Lippit, 2005).

Nonetheless, we should be aware that there is a huge price to pay in getting some portions of urban Chinese to become rich since many more of the Chinese citizens in

less economically developed areas still suffer from poverty and social exclusion. The present case study has clearly suggested that the growing prominence of the privateness in higher education has indeed widened the urban and rural divide. Although the processes of marketization and privatization of higher education have created more learning opportunities for those who can afford and willing to pay, the same processes have also marginalized those citizens living in less economically developed areas. Despite the fact that the Chinese government has made attempts to alleviate absolute poverty since 1949, the problems related to relative poverty and social exclusion have become so acute that these may cause social instability and political crisis in China (Mackerras, 2006; Schweickart, 2007; Walder, 2007). As Robert Weil has recently suggested, 'the capitalist system [in China] is devouring its own and rapidly generating ever-wider groups of the alienatedÉ.The worsening conditions of the working classes are pushing them rapidly in a more radical and militant direction. Within the ranks not only of the workers and peasants, but among many intellectuals and at least some of the broader new middle class as well, there is a deep and growing understanding that global capitalism has no answer to their situations, and that the revolutionary socialism that they built under Mao offers at least the outline of another way forward today' (Weil, 2006). The above evidence is overwhelming that in economically unequal society like transitional China, only those with sufficient resources can make choices and those who are poor have no choices at all (Gewirtz et al., 1995; Reay & Lucey, 2003). In this regard, whether people can make choice would become a secondary consideration particularly when the primary concerns of quality, affordability and access in education have not been properly addressed (Lynch & O'Riordan, 1998).

More sociologically important of all, the present case has demonstrated how the Chinese regime has attempted to ride over the two worlds: socialism and capitalism. But how will the present regime address the contradictions between rapid economic growth and the intensified social inequality / regional disparity? How will the Chinese government handle the growing tensions among different social groups, especially when many citizens not only in rural areas but also in urban China have begun to complain about social exclusion in terms of deprived opportunities to education, health and social protection (Cook, 2002; Yang, 2005)? Would China succeed in reinventing capitalism or inventing a new kind of socialism? The success of which

depends very much upon how well the Chinese government can balance the competing demands 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.

Conclusion: The Need to Search for New Social Policy Paradigm

Analyzing the present case study from a comparative perspective, will China move towards 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 development of 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 a binary provision in education? Will the urban-rural divide be 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 did happen, the Chinese government would face immense pressures and tensions, particularly since the present regime has to honour 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, privatisation 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 the Chinese society has been divided by diversity of economic and social interests. In order to strike a balance between 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 jargons 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). There is a recognition that leaving the whole sector to be driven and guided by market forces may fail to address the 'social justice' and 'social equality' issues. And so a new social policy paradigm is in formation with the emphasis on developing 'people-oriented' social policy and social protection strategies in order to rectify the market failure in social / public policy provision. As Yang Dongping, a leading education policy analyst in China, has suggested, the government headed by Hu Jintao and Wan Jiabo have made attempts to address the inequality and over-charging issues in education. In 2006, both Hu and Wan 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 (Yang, cited in Li, 2007). 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 watch how these 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 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] The authors want to thank the editor and two reviewers of the *Journal for Critical Education Policy Studies* for providing very constructive comments to improve the article. Thanks must be extended to Paul Morrissey for suggesting ways to improve the language of the article. Thanks for the Chang Ching-kuo Foundation, Taiwan for providing research grant to undertake the research project related to changing higher education governance in China.

[2] The authors want to thank the reviewers for pointing to this particular aspect of private tutoring / private education being affected by neo-liberalism.

[3] Thanks to the academic reviewers of the present article for pointing us to this story reported from the fieldwork in China.

[4] Non-state educational grant here includes input from social organizations and individuals and donation.

[5] The number in blank stands for the number of overseas programmes jointly run by local Chinese universities and overseas partners.

[6] The study was conducted in 2003 investigating nine higher education institutions in Guangdong. For details, see Wang 2005.

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