



When marketisation and privatisation clash with socialist ideals: Educational inequality in Urban China[☆]

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ABSTRACT

In the last two decades, China's education has experienced significant transformations and restructuring on account of privatization and marketization. Unlike the Mao era when the state assumed the major responsibilities in financing and providing education, individuals and families have now to bear increasing financial burdens in paying for education. The marketization and privatization of education has undoubtedly intensified educational inequalities and widened regional disparities between the economically developed areas in the eastern coast and the less economically developed areas in the middle and north-western parts of the country. The growing inequalities in education and the increasing financial burdens presented by education have been a source of social discontentment, which have in turn prompted the central government to revisit its approaches to educational development. This article sets out to examine, how in this wider policy context, China's education has been transformed following the adoption of more pro-competition and market-oriented reform measures. This article is based on intensive secondary data analysis, fieldwork observations, and findings from a household survey conducted in eight different Chinese cities about people's perceived education hardship. The article concludes by considering how the Chinese government has attempted to address the problems of educational inequalities that have intensified on account of two decades of education marketization.

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1. Introduction

After the start of the economic reforms in the late 1970s, the Chinese government began to realize the importance of education in economic development. With only limited financial capacity, the state tried to increase its public expenditure on education, while allowing the non-state sectors and actors to get involved in financing and providing education. It is against this policy context that education has experienced the processes of privatization, commercialization and marketization, and that Chinese residents have had to pay tuition fees and other educational expenses. The marketization of education has given rise to the education market and many schools and colleges have been founded on market-oriented principles and practices. The adoption of market principles and practices in running education has undoubtedly created additional opportunities to meet people's pressing demand

for education. Nonetheless, the same process has also intensified educational inequality and widened the rural and urban divide since the people living in China's major cities (particularly in the eastern coastal areas) are more wealthy than those residing in inner parts of the mainland. Against the context of the marketization and privatization of education, people living in urban areas are more able to pay for educational services with higher quality, while citizens in other parts of China have to fewer educational choices and less access to good quality education. This article focuses on how the marketization of education has widened regional inequalities in education with a particular focus on how the marketization of education has intensified educational inequalities in urban China. A comparative study of household expenditure on education among different cities in China is presented to illustrate the widening education disparities between the rich and the poor. We begin by reviewing the policy context for the marketization of education in China since the mid-1980s.

2. China's transition economy and marketizing/privatizing education

Since the late 1970s, the modernization drive and reform and opening up to the outside world have transformed the highly

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centralized planning economy into a market-oriented and more dynamic economy. The adherence to market principles and practices has affected not only the economic sphere but also the way social welfare and social policy is managed. Unlike in the Mao era when citizens in urban China generally enjoyed social welfare provided by their work units, the adoption of decentralization and marketization to reform the social policy domain significantly reduced the state's role in providing and financing social services (Leung, 1994; Guan, 2001). In order to cut welfare burdens and promote economic efficiency in the state sector, social policy provision, social security and social protection experienced significant restructuring: Chinese citizens had to become self-reliant and pay for the major social services such as health, education and housing (Wong and Flynn, 2001; Wong et al., 2004). As Cook (2002) has rightly suggested, the Chinese citizens no longer enjoys the “iron rice bowl” and “social security”. Hence, it is not surprising to hear the popular complaints among Chinese citizens about the three new mountains being left to them by the state, namely, bearing more financial burdens for education, health and housing (Zhu et al., 2005).

In the new socialist 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 steps to streamline administration and devolve powers to units at lower levels so as 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 a 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 one of 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”. The retreat of the central state provided space for local governments as well as non-state actors to assume 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.

Reform in educational structure that started in the mid-1980s eroded the monopolistic role of the state in education provision and resulted in a mix of private and public consumption (Cheng, 1995). To meet the challenges of the rapidly changing socio-economic environments brought about by the rise of the knowledge-based economy, the Chinese government started to recognize that depending upon the state alone would never satisfy the strong demands for education. Under these circumstances, the 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, including public and private ones as well as 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 diversification, marketization, privatization, commodification and decentralization (Borevskaya, 2003; Mok, 2009). Having briefly reviewed the policy background for the rise of the neo-liberal approach to running education, we now turn to how the education sector has been transformed by the ideas and practices of neo-liberalism.

3. Embracing neo-liberalism: educational restructuring in post-Mao China

3.1. The adoption of fee-charging principle and growing 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 4% of GDP to educational investment. Since the 1980s, the Chinese economy has experienced significant and consistent growth at an average rate of 9–10% annually. Nonetheless, the total allocation of government funds to education has been repeatedly reported to be lower than declared official targets. In 1995, only 2.41% of GDP was allocated to education. But there were improvements to 2.79% and 3.22% in 1999 and 2002, respectively. Yet state education financing declined again in 2005 with only around 2.79% of GDP being allocated to education (see Table 1). More recently in 2006, the State Council of the People's Republic of China openly recognized that insufficient government funding had been allocated to education. The 11th Five Year Plan (2006–2010) therefore called 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: 1).

With reductions in state financing in education in the last few decades, local governments and individual education institutions have been attempting to increase student intakes and tuition fees in order to generate additional revenues to finance educational development and improve teachers' incomes. Some local education ministries and individual schools/higher education institutions have charged students unreasonable fees. In 2004, the National Auditing Department discovered a number of education ministries across the whole country had been involved in a significant number of cases of corruption, over-charging fees and

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.

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