

The Diversified Development of Private Schooling in Basic Education in China: A Comparison between Shanghai, Guangdong, Wenzhou and Tianjin

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The development of private schooling in China follows very different routes in different regions. Since the beginning of the 1990s, regional differences can be found in regions like Shanghai, Guangdong, Wenzhou and Tianjin, even these four places are commonly well-off regions in China. This paper aims at describing the diversity and analyzing the factors leading to such diversity. It suggests that different economic structure, demand for basic education, decentralization of education authority and local government policies towards private education are the major attributes that explain the phenomenon.

INTRODUCTION

Private education has a long root in China that can be traced back to the days of Confucius, more than 2,500 years ago. It disappeared for more than 20 years, however, due to the ideological and political reform that took place after the takeover of the communist. Private education returned to the scene amid fierce debates during the 1980s when China began to adopt the reform and open policy. The controversial nature of private education in a socialist system can be seen in the various terms employed by people in describing more or less the same thing: some use the term “private education”; some use the traditional socialist term of minban (run by the civil community) education; and others may refer it as “education run by social forces” (shehui lilian banxue).² Nevertheless, private education has now become a quickly expanding sector in the Chinese education particularly after the famous visits by the incumbent leader, Deng Xiaoping, to the southern part of China in 1992. Since then, market mechanism has been legitimized as an integral part of the “initial phase of socialism”.

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² The three terms are often used interchangeably in the recent debates in Chinese private education although they are slightly different from each others. The term “private education” is politically sensitive and rarely used in the 1980s but is more frequently used in the 1990s. An interesting example is a report in *China Education Daily* on November 24, 1992 which mixed two terms together by using a title “Perspective on minban and private school” (*Minban yu sili xuexiao datoushi*).

According to a survey conducted at the end of 1996, funds injected into private schools have surged to 13 billion yuans. Near 10 million students were enrolled in more than 50,000 private education institutions, of which 24,643 are kindergartens, 1,806 are primary schools and 3,427 are secondary schools.³

Notably, development of private education did not take a uniform pattern across regions in China. In fact, different forms of private education provision have emerged in regions even of similar economic situation. This paper sets out to describe the different patterns that have taken place in four regions, namely, Shanghai, Guangdong, Wenzhou and Tianjin. Then it will discuss the possible factors attributing to such differences.

DIFFERENT PATTERNS OF DEVELOPMENT OF PRIVATE EDUCATION

Shanghai Municipality

In Shanghai, the municipal government plays a major role in initiating and supporting the development of private schools. It results in a “private” school system which can be characterized as “government subvention” type.

The first batch of five private schools in Shanghai commenced as late as in 1992 just after Deng’s famous visit to the south. All these five schools made use of the campuses of some former public schools that have been granted to them by the district education bureaus. Each school was headed by a retired but renowned principal, who held of responsibility to raise funds for the school, recruit and select teaching staff (mostly also retired teachers), and to manage the school. Since then, the number of private schools in Shanghai increased drastically. As at September 1998, there were 158 private schools and the percentages of total school age student enrolled in these private schools were 13.4%, 3.8% and 2.9% for senior secondary, junior secondary and primary sections respectively (Shanghai Municipal Education Commission, 1998).

There are two major types of private schools in Shanghai: -

- *Schools established by application to the government and run by individuals, enterprises or social groups which have gathered sufficient amount of start-up funding* -- These schools usually locate on sites which are rented from district/country education bureaus or other government departments at very low cost or even without cost.
- *Pilot Scheme on Public School Conversion* – This involves two types of schools, firstly, those converted from former public schools that were poorly run with old dilapidated campuses/facilities; and secondly, new schools built at the junction of rural and urban areas resulted from the recent expansion of the city. This is known as the “Pilot Scheme on Public School Conversion, PSPSC” (*gongli xuexiao zhuanzhi shiyan*). The underlined principle is that the state-own status of the schools remains unchanged. However changes can be found in almost all other aspects. The source of school finance changed from solely state subsidy to that of multiple channels, including collection of tuition fee, donation and fund-raising. Strict and direct supervision by bureaucrats is substituted by the so-called “macro-control and supervision”, which means a looser control by the state. Accordingly, the management and operation system also change from state-direct management to that of more flexibility and autonomy, in terms of internal management, use of funding, organizational structure and appointment of personnel. We may call these schools “quasi private school”.

Over 90% of the 158 private schools in Shanghai belonged to these two categories. They share the common

³ Figures quoted from the speech given by Qu Yandong (1999), Deputy Head of the Division of Development and Planning of the Ministry of Educational, in the 2nd National Conference on *Minban* Education; and data provided by the Education Office of the National People’s Congress based on the statistics data of the State Education Commission. Besides kindergartens and schools, the figure also comprises higher education

features of sites granted by the government at no or low cost. Some of them even receive from the government start-up funding and educational facilities. For the PSPSC schools, recurrent funding and teaching staff establishment are also being provided. After all, all facilities granted by the government remain state-owned but the rights to operation are given to the school managers.

From the government's perspective, there are two desirable aspects for such system. On one hand, the operators and many teachers of these schools are experienced retired educators. Their eagerness, ardency and experience in teaching and managing school can be utilized through such arrangement to supplement the shortage of experienced teachers. On the other hand, the government is also active in the course of reform. The promotion of private school system is included by the Shanghai Municipal Education Commission and also the district/county education bureaus in their respective education development and reform plans. Government agencies are also involved in giving support and supervision to the planning of new schools, student recruitment, teaching, school management, campus site and facilities, selection of principals and the reallocation of teaching staff, etc. The comparatively strong government regulation is often attributed to be one of the factors that lead to the high social reputation of these private schools in Shanghai (see, for example, Zhu & Zhu, 1996). The number of applications received by these private schools each year always several times exceeds the quotas (Shanghai Municipal Education Commission, 1997).⁴

Guangdong Province

More than 40 private schools in Guangdong have been set up in the form of "Education Reserve Fund (*jiaoyu chubeijin*)". It is, in fact, a business approach of school operation and can be referred as the "market orientation" type. Although the number constitutes only some 10% of the total number of private schools in the province, their impact is so prominent that this type of schools has been generally considered to be representing the major characteristics of Guangdong private schools.

Education Reserve Fund is a special form of tuition fees. Students who are admitted into the schools have to deposit some 0.2 to 0.3 million yuans (= US\$ 30,000 to 40,000 approximately) into the school fund. The operators of the schools then borrow from the school fund at medium term saving interest rate for purposes of either development of the schools or outside economic activities. Interest income derived from the fund is used to cover operational expenditure of the schools and all students-related expenditure (e.g., tuition, meals, accommodation, travelling and medicine, etc.). The deposits would be returned in full but without interest to the students upon graduation or when they leave the schools.

This type of private schools requires a lot of initial investment that help to build large scale and well-equipped school campus. They target mainly at the high-income groups and have now developed into a niche of distinguished schools. However, these schools have to face considerable social and economic risks. According to a report in the *Guangming Daily* in 1995, "the 'high-tuition' schools in Guangdong Province have already received at least 1.2 billion yuans so far for their Education Reserve Funds", but except the part used for school site development, "at least half of the money has been invested into the private market" (Dai, 1995).

Without sufficient and effective legislation that regulates the operation of the Education Reserve Funds, there is a

institutions and a large number of "other schools."

⁴ According to the report, "the Xinshiji Secondary School recruited 80 students from more than 1,200 applications. The Lansheng-Fudan School recruited two classes but applications also exceeded a thousand. The Shijie Waiguoyu Primary School planned three days for the application for 160 places, but within only a few hours, the quota for 1,000 application had already been filled up."

potential in corruption and misuse of the funds. The ups and downs in the economy also make these funds risky. In fact, there have already been signs that the recent economic crisis in Southeast Asia has adversely affected the operation of some private schools in Guangdong. Intense worries among the government and the public including the parents who have deposited great amount of money have led to the recent prohibition by the Guangdong provincial government of new Education Reserve Fund schools to be established.⁵

Wenzhou

Wenzhou, a prefecture level city in the southern coastal part of Zhejiang Province in eastern China with a population of 7 million, is famous for its development of small enterprises in the overall economic development process of China. Private schools in Wenzhou are mainly developed by social forces with limited capital. Most schools are operated on need-basis as perceived by the people. The scales are usually small but with variety. As at September in 1998, there were already 26,200 students enrolled in 65 private schools. The total enrolment in private senior general secondary schools represented some 25% of the total enrolment in the city. Forty-five private senior vocational secondary schools with an enrolment of 15,600 (45.6% of the total enrolment). With the private education system, Wenzhou managed to pass the “two basics” requirement (which means basically implementing nine-year compulsory education and basically eradicating illiteracy among young and middle-aged adults) set by the provincial government and the state respectively in 1996 and 1997, three years ahead of the original schedule (Wenzhou Education Commission, 1998a).

Funding for Wenzhou private schools mainly comes from various forms of tuition, and donation and loans from parents, the wider communities and banks. The Leqing Xingle Senior Secondary School, for example, was set up by 10 citizens who raised a total of 12.12 million yuans, of which 5 million yuans by themselves, 4.56 million yuans from bank loan and 2.56 million yuans donations from parents in the form of “commencement fee” (Wenzhou Education Commission, 1998b).

Generally speaking, private schools in Wenzhou are run in a practical and flexible manner. There are day schools as well as evening schools; some are preparing students for further education and some for practical career needs. The operators of the schools also vary: there are retired government officials, retired teachers, educated young people, individual businessmen, proprietors, social groups like small political parties, unions and other forms of social group. The list also includes enterprises, villages, and street committees, etc. This seems to be in correspondence with the economic structure of the city to fit the needs of the many small enterprises.

Tianjin Municipality

Tianjin is another one of the four municipals in China. Private schools there are developed in a very special form as “parasites” to key-point public schools.

In 1993, a primary school in Tianjin, as a pilot scheme, adopted the “one school, two systems” approach whereby some of its students belonged to the public school and the remaining students belonged to the privately-run or *minban* (so-claimed) section. The former groups were only required to pay the state-specified standard tuition fee while the latter had to pay at a much higher level. Following the example, four publicly-funded key-point schools each started its own private school in 1994. Though these private schools have their separate names, financial accounts, organizational

⁵ A speech by Mr Li Xiaolu (1999), Deputy Head of the Guangdong Provincial Education Bureau.

and management structures, and legal status, they did not have their own teacher establishment and education facilities. They shared the campuses, facilities and teaching staff of the public key-point schools. It was, in fact, another way for the public schools to secure additional funding to support the operation of the schools.

With the support of the Tianjin municipal government, many key-point public schools followed this mode of operation. As at September 1995, there were already over 50 such schools approved by the government. The model is commonly referred to as “to borrow hen to lay eggs” (*jieji shengdan*). The key-point public schools are the “hens” that are being borrowed to lay the private schools, the “eggs” (Wang & Xu, 1998).

The attractiveness of this kind of private schools stems from the original key-point public schools where places are highly competitive. A large amount of students who are originally not eligible to enter the key-point schools are being attracted to apply for the private schools inside those key-point schools they want to be in. Comparatively speaking, the tuition fee of these schools is not as high as that in Guangdong. Normal tuition fee for three years in either junior or secondary school ranges from 8,000 to 12,000 yuans which is affordable for ordinary families. They naturally become strong competitors against private schools that are run by real private sector, i.e., individuals and enterprises.

FACTORS LEADING TO DIFFERENT PATTERNS OF DEVELOPMENT

When exploring into the different patterns of development of private education in these regions, we find some factors which may help to explain the formation of such difference of patterns. In the following, we will elaborate on how aspects of ideological and political shifts, decentralization, local decision-making and the economic structure of the regions affect the different patterns emerged in the regions.

Ideological and Political Shifts

The ideological and political shifts for the past two decades have caused huge change to China and have given immense support to the revival of private education across regions. The once “extreme leftist” (to use the jargon of the Chinese communist) ideologies during the Cultural Revolution has led to the total exclusion or suppression of the notion “private” in the political arena. The “restoration” of private education, just like all other private businesses, inevitably experienced fierce debates and conflicts.

By learning from the past experience during the Cultural Revolution, there has been a common belief among Chinese people since 1978 that a solely state-run basic education system is neither feasible nor practical. Also it is simply incompatible with the economic developments that has already taken place. Private schooling has been looked upon as one major mean to supplement the public education system and to compete with it (see, for example, Wang, 1994). But throughout the past twenty years, political leaders had to reassure the public from time to time that private education (or more often, less sensitive terms like *minban education* and *education run by social forces* are being used) are being supported and encouraged:

- As early as in 1982, the new set of *Constitution of the PRC* passed by the 5th National People's Congress (NPC) had provided for the first time that “the state encourages economic organizations, state enterprises, businesses and social forces to operate educational activities in accordance with the law.” This formed the major basis for the policies of education reform in China thereafter.
- In 1985, the Central Committee of the Communist Party of China (CPC) promulgated the *Decisions on the Reform of the Educational Structure* (Guanyu jiaoyu tizhi gaigede jue ding). This promulgation pointed out the weaknesses

of the education system and asked for changes in the structure of the educational system. However, due to the various kinds of restriction of the plan economy, there was still not much progress in the development of private schools by then.

- The visit of Deng Xiaoping, the unofficial leader of the country, to southern China in 1992 set an important milestone on the development of private education in China. Deng's speeches during the visit helped solve the many theoretical and policy problems of economic and social developments in China. Not only had his visit led China to further economic reforms but he had also sparked off the drastic development of private education in China.
- In the same year, President Jiang Zemin (1993) stated in the 14th Representative Assembly of CPC Central Committee that "the solely state-owned education system has to be changed and education sponsored by the community should be encouraged and supported."
- In the following year, Premier Li Peng (1994) pointed out in his annual policy speech to the 8th NPC meeting that the government has to "progressively develop a new education system whereby state-run schools continue to constitute the main body and will be supplemented by socially sponsored educational institutions at the same time." The *Framework for the Reform and Development of Education* subsequently published by the State Council provided for the first time that "for the schools run by social groups and individual citizens in compliance with the law, the government adopts the policy of giving active encouragement, providing strong supports, offering guidance to the correct course and stepping up the regulation over them."
- It was echoed by the Vice Premier Li Lanqing (1995) who stated in the national meeting on educational matters that "encouraging and supporting minban education is an important mean to further development of China's education system. The development of minban education is an important part of the reform of the educational structure."
- In 1995, the 8th NPC passed at its third meeting the *Education Law of the PRC*. Section 25 of the Law provides that "the state encourages enterprises, social groups, other social organizations and individual citizens to operate schools or other educational institutions in accordance with the law." The Law further provides that "no organization or citizen can operate school or other educational institution for profit," and that "the legal rights of schools and other educational institutions are protected by the state."
- In a recent international press conference in November 1998, the Minister of Education, Chen Zhili reiterated the importance of private education. She said the development of social forces-run educational institutions was one of the important breakthroughs in the educational reform since the opening up of China. The state has promulgated a series of regulations, e.g., the *Regulation on Schools Run by Social Forces* in 1998, to further encourage the development of private schools. The aim was to develop an educational provision framework in which state-run schools constituted the main body to be supplemented by schools run by social forces. The Ministry for Education would also devise policies that facilitate the inflow of private funding to and the development of private schools. These policy statements made by high level political figures from time to time showed that the Chinese government is keen in developing private education and reforming the educational structure (Guo, 1999).

For the people in China who had suffered so much from the power struggles during and before the Cultural Revolution, it is understandable that frequent reassurance from different political leaders, government and party documents as well as legislation is vital for building their confidence.

The long list of the reassurance also demonstrates the exploration process of the central government into the

issues. It is noteworthy that legislation aiming at regulating the practice always came after the announcement of the corresponding policies, which again were based on practical experience that had taken place. The famous phrase of Deng Xiaoping of “finding way to cross river by groping the rock” seems also apply in the issue of private education. Ambiguities of the policies and legislation (such as the prohibition of private schools which “aim at” profit-making as stated in the law) are often subject to interpretation.

Different levels of political confidence and the absence of rigid directives from the central government have led to different responses from the local governments. Regions like Guangdong province where the first special economic zone was established tended to be more courageous than in any other places in permitting the setting up of high-tuition fee schools, which are commonly referred to as “noble schools” with a negative connotation. Whereas in Tianjin and Shanghai, to a large extent, the provision of private education is still closely kept within the scope of the local government. This is closely related to the decentralization process which is going to be discussed.

Decentralization

Varieties of private education provision in different regions was made possible after the mid 1980s when the Chinese central government decided to decentralize and delegate its authority to the various levels of local administration. The policy of delegation of authority to the various levels of local government on the administration of basic education was first stated in the *Decision on the Reform of the Educational Structure* in 1985 by the CPC. It was then confirmed in the form of state legislation when the *Education Law* was passed in 1986.

Under a highly centralized system as in decades before, it is difficult for local governments to coordinate the provision of basic education, vocational education and adult education in response to the local needs. Schools are also not given autonomy to excel in their own ways. All these factors hindered in the past the realization of potentials among the local governments, the educators and the wider public that have high expectation for education. Demand for decentralization naturally mounted.

Meanwhile, the economic reform also calls for changes in the financial management system in the government. As a result, the finance of local government is being strengthened.

According to the principles of the new education administration system, local governments are responsible for policy-making, planning and implementation of basic education, and also the management of schools (Central Committee of the Communist Party of China, 1985; State Education Commission & Financial Department, 1987). That implies that local government will have the authority as well as financial capacity to plan and construct their own private education system within the scope of the national legislation. It was in such circumstances that the various local governments started to make their own education development plans in the 1990s. The local government may thus set their own policy goals which deviate from central government in order to tackle the different socio-economic background of the regions. And in order to achieve the goals, local governments are more motivated than ever to seek for non-governmental resources (Cheng, 1995). Social input brought by private schooling is logically one of the ways out.

Socio-Economical Background of the Regions

Regional difference in social and economic developments is one of the major factors that led to the varied patterns of

private education development in China.

Although the cases studied in this paper, i.e., Shanghai, Guangdong, Wenzhou and Tianjin, are all located in the eastern and southern coastal part of China where developments are comparatively rapid, there are still differences in their historical, geographical, cultural, economic and educational background.

Shanghai and Tianjin have, since the last century, become China's international ports and windows to the outside world. For the past 50 years, the two cities have also become important industrial bases of the country and are considered the most important economic zones of China.

Guangdong, in particular the Pearl River Delta region, is also historically a prosperous and open-up region. In the past, it relies mainly on its agricultural economics. In 1980s, due to its proximity to Hong Kong and overseas and the establishment of special economic zones, there was extensive economic developments, in particular investment in non-state owned business (an average of 13.6% growth per year). A lot of the proprietors were formerly farmers with comparatively weak cultural and academic background who have now become very rich people.

As for Wenzhou, it was historically one of the poorest and mountainous district in southern Zhejiang. This was mainly due to its remote location and lack of transportation link to the other parts of the country. Since the 1980s, Wenzhou has become one of the 14 open coastal cities of China and has started a series of new economic reform. Under the notions such as "small scale products, big markets", "small investment, huge impact", "small in size, large in development", the private economy in Wenzhou has developed into a system composed of mainly small and flexible enterprises with large varieties. This has also turned Wenzhou from the poorest city to one the richest regions in Zhejiang Province.

Table 1 Social Background of the Four Regions (1995)

	Shanghai	Tianjin	Guangdong	Zhejiang
GDP Per capita (yuan)	11,700	6,075	4,938	4,431
Disposable income Per capita (yuan)	8,438.89	6,608.39	8,561.71	7,358.72
Population density (per sq km)	1,612 (1)	736 (2)	363 (9)	408 (8)
Population dependent index #	26.83 (1)	34.02 (7)	49.17 (23)	31.13 (3)

Notes:

(1) Numbers in bracket denote the rank among all regions.

(2) In the absence of data of Wenzhou, data of Zhejiang Province is used here which is probably lower than that of Wenzhou.

Population dependent index means the average children dependent of each adult. Take Shanghai as an example, 26.83 means an adult in average has to afford to raise 0.2683 kid.

Sources:

"Evaluation of progress in the implementation of nine year compulsory education at regional level and analysis of regional difference", in Hu (1997), p. 151; and *Annual Statistical Report of China*, 1997.

From table 1, we can see the difference in GDP per capita among the regions could be as high as 2.64 folds but the difference in per capita disposable income is only 1.15%. Shanghai has the highest per capita GDP but its disposable income per capita is even lower than that in Guangdong. While the Shanghai municipal government may be in more financial advantage in offering public education, the capability of running well-off private schools in Guangdong and Wenzhou is effectively higher than that in Shanghai.

Demographic patterns also affect the education financing. In Shanghai, approximately 4 adults in average have to afford to raise a child. The figure is around 3 adults to 1 child in Tianjin and Zhejiang, and 2 adults to 1 child in Guangdong. That means the Guangdong provincial government not only suffers from financial inferiority in comparison to the Shanghai and Tianjin, it also suffers from the responsibility to support a larger proportion of student population. Obviously, Guangdong provincial government tends to be more motivated in seeking non-governmental resources.

If we look at population density, all four districts are located in the southern or eastern coastal areas of China where population is huge. Shanghai has the largest population and the highest density of the all. Land resources are, therefore, expensive which is not favourable for private enterprises to run large scale private schools.

Table 2 Implementation of Nine-Year Compulsory Education (1994)

	Shanghai	Tianjin	Guangdong	Zhejiang
Enrolment rate of primary school age students (%)	100.00	99.60	99.60	99.70
Retention rate of five-year primary education (%)	101.20	99.70	92.20	94.80
Gross enrolment rate of junior secondary students (%)*	106.68	90.91	72.52	89.13
Drop-out rate of junior secondary students (%)	1.24	2.43	4.96	3.76

Gross enrolment rate of junior secondary students includes enrolment of junior vocational secondary schools.

Source: Hu (1997, p. 140).

The student enrolment rate in Table 2 shows that Shanghai and Tianjin has comparatively succeed in the provision of school places for the nine-year compulsory schooling. On the contrary, the gross junior secondary enrolment rate and the retention of five-year primary education in Guangdong and Zhejiang are much lower. Therefore, both the Guangdong and Zhejiang have a more immediate task of providing adequate school places than their counterparts. They would again tend to look for extra resources.

From the above elaboration, we may safely conclude that while private schooling in China by and large remains to be supplementary to the public school system in nature, the financial capacity of the local government to provide adequate and good quality education as well as the financial capacity of the people to create alternatives will be critical factors leading to different choices of private school development model in different regions.

Different Policy Orientations of the Local Government

Taking into consideration the central government's policies on basic education as well as the local reality, the four local governments develop private schools with their own distinct characteristics.

Shanghai and Tianjin

Both Shanghai and Tianjin are the most economically developed regions in China.⁶ They rank top amongst all regions in China in many ways in the provision of basic education. They have achieved the target of implementing nine-year compulsory education. The driving force for education development of the two regions is, therefore, to improve the education quality rather than quantity.

However, in the course of development, the two places found certain difficulties in the improvement of quality of education, such as:

- Lack of adequate funding - take Shanghai as an example, its public expenditure per capita on education in mid 1990s was below average of other developing countries, less than half of the average of other Asian countries and just equivalent to some 5% of the average level in developed countries (*Wenwei Bao* (Shanghai), November 2, 1995). Government subsidy to basic education in these two regions can cover only some 60% of the normal expenditure of schools (i.e., the salary expenditure for teaching staff). However, this amount already represents some 30-40% of the local government's public expenditure in Shanghai. In Tianjin, education expenditure even represents as much as 50% of the government's total expenditure (Shanghai Municipal Education Commission, 1997).
- Existence of some schools, physical conditions of which are below standard.
- The provision of ordinary senior secondary schools has not yet reached the demand for school places.
- Public schools that have long been operating under a plan economy are frequently criticized as mostly inefficient, inactive, and of poor quality and uniform style.

Although the both governments are financially capable to provide adequate school places for the nine-year compulsory education for their people, it is natural for them to seek for extra funding in order to enhance education quality. The emergence of private schools also stand as an attractive alternative to create a competitive environment with the public schools and encourage the latter to improve their education quality.

An insurmountable difficulty in the development of private schools in Shanghai and Tianjin is the lack of available school sites. This is due to the population density in the two regions, ranking the first and the second respectively in the whole of China. That means land resources are extremely scarce and expensive. Under the long tradition of plan economy system, state-owned enterprises in the two cities are better developed than private enterprises in general. Few private enterprises have the financial resources to purchase or rent at market rate suitable sites for developing decent private schools. The proportion of rich proprietors in these two cities is again relatively small, results in the restriction of the demand side of high-tuition fee school places. The government, therefore, plays an important role in the development of private schools through the provision of subsidy. This prompts the education system to move from one which was solely state-funded to one which is funded through multiple channels.

In May 1993, the Shanghai Municipal Meeting on Education Matters proposed a pilot scheme to turn some poorly-run public schools into private schools. According to the suggestion, these new private schools remained to be

⁶ Using the categorization developed by Shanghai Institute of Intelligence Development in its "Comparative study on different regions in the implementation and stage of development of nine-year popular education" which tries to categories all regions into 5 groups by conditions of development of popular education, Shanghai and Tianjin belong to the most advanced Group A while Wenzhou and Guangdong belong to the second best Group B. See Shanghai Institute of Intelligence Development (1997).

publicly owned, but could follow the practices of some existing private schools in raising fund, recruitment of personnel as well as management of school. The same meeting proposed again in 1994 that the government is to strongly encourage the pilot scheme of turning public schools into private schools. The aim was to encourage enthusiastic social groups to participate in the education system, expedite the reform and improvement of poorly-run schools, and to raise the overall quality of education so as to satisfy the community expectation (Shanghai Municipal Education Commission, 1993 & 1994). In accordance with this suggestion, each district and county in Shanghai gave up some vacant school sites to support the setting up of private schools. The pilot scheme to turn some public schools into private schools was also launched.

In the case of Tianjin, the municipal government looks forward to the financial support of the society in the development of school education. The government has, therefore, allowed a considerable degree of flexibility on the development of fee-charging classes and/or private schools within public schools.

The Shanghai and Tianjin governments are very active towards the development of private schools and in fact, private schools in the two regions depend heavily on the governments' financial support. Consequently, the two governments did exercise considerable control over these private schools. In Shanghai, for example, the municipal government has adopted a very strict approach towards the management of private schools through various means, like municipal orders, education commission documents and seminars, etc. All private schools are required to fulfill the so-called "3-independence" requirement, namely, ownership of independent school campus, having an independent legal entity and being monitored by independent financial audit. The government has recently introduced additional measures to ensure the quality of private schools, like the annual school review and the quality assessment on education provision. Effectively, private schools have been included in the planning of the basic education system in Shanghai. Only poorly-run schools and new schools at the junctions of rural and urban areas are allowed to be selected to join the "Public Schools Reform Pilot Scheme". Well-managed key-point public schools are not allowed to join the pilot scheme. Besides, the government has also adopted a series of policies on the tuition and financial management of private schools so as to control the tuition level (Shanghai Municipal Education Commission, 1998).

Wenzhou and Guangdong

When compared with Shanghai and Tianjin, the environment for the development of basic education was not so desirable in Guangdong and Wenzhou. In Wenzhou, for example, in the early 1990s, only 35% of the areas in Wenzhou has achieved the target of implementing nine-year compulsory education, and over 90% of its schools were below the standards set by the provincial government (Lin, 1993). The Wenzhou Government, therefore, proposed to change its education system from one which was solely dependent on state subsidy to one which would be funded through multiple channels just like many of other local governments.

In 1993, the CPC Wenzhou committee and the Wenzhou government jointly published the *Regulations for Accelerating the Education Reform and Development in Wenzhou*. The Regulations clearly encouraged the development of private schools. In July 1993, the Wenzhou government issued the *Temporary Regulations on Social Forces-Operated Schools in Wenzhou*, which set out formal regulations on the standard of the private schools, application procedures, fund raising mechanism, use of school campuses, management structure, assessment criteria, etc. The Regulations also provided a flexible environment for and introduced a lot of fiscal measures to facilitate the development of private schools. Some of these measures included the granting of interest free or low interest rate loan

to the school operators; recognition of the school operators' private ownership over their fixed asset investment in the schools and allowing them to receive compound interest (less than 20% per annum); allowing the school operators to choose either to donate their personal investment to the schools or to be reimbursed by phases; and recognition of the contribution of the school operators, either a group or individuals, through spiritual or material awards.

These policies encourage many investors in Wenzhou to participate in school operation. Though not all investors are wealthy and can afford to invest heavily in the schools, they are all welcomed by the government to participate in private education provision. All private schools, regardless of size and scale, are supported and welcomed by the Government. According to a survey, for the six years since 1992, investment in education has surged by an average of 300 million yuans per year. Though government subsidy also increased by an average of 100 million per year, its proportion in the total education expenditure has dropped significantly (see Table 3). With the joint support of the government and the society, Wenzhou passed the "two basics" requirement of the provincial government and the state three years ahead of schedule.

Table 3 Financial Input in Wenzhou Education

Year	Total input (in 100 million yuans)	Government input (in 100 million yuans)	Government input as % of total input
1992	4	2.4	60
1993	6	3.0	50
1994	9	4.4	48.9
1995	12.8	5.1	39.8
1996	15.8	6.2	39.2
1997	18.3	7.2	39.2

Source: Wenzhou Education Commission (1998a).

As for Guangdong, it has become one of the most dynamic and prosperous regions in China, in particular the Pearl River Delta region, since China began its reform and open policy. When people become rich, their desire for better quality education increases. If the government's performance to improve the quality education falls short of the society's expectation, private education has to come in to fill the gap. The difference between Guangdong and other regions is that private schools in Guangdong were first invested by the operators, and then by the students through deposits into the Education Reserve Funds. The government played little role in initiating and planning.

There is report claiming that the prevailing belief in the Guangdong Province is that the market force and non-intervention policy are the best for both economic and social developments (Wang, 1998, p. 347). There had been heated debates among people in Guangdong when the luxurious Education Reserve Fund private schools first appeared. Even then the officials including those in the State Education Commission held different views on the issue. The Guangdong government, however, continued to adopt the no-intervention policy. In the past 10 years, some 40 large-scale private schools have been established, cumulating billions of yuans as education resources. Then it became very risky as the huge Education Reserve Funds can be affected by the ups and downs of the economic market and may cause corruption and mismanagement. The Guangdong government has therefore prohibited the establishment of new

Education Reserve Fund private schools and will tighten up the regulation of these schools.⁷

Table 4 Education Expenditure of the Four Regions (1995)

	Shanghai	Tianjin	Guangdong	Zhejiang
Expenditure of all primary school student per capita	1,591	718	857	766
Expenditure of all junior secondary student per capita	2,085	1,344	1,536	1,181
Expenditure of primary school student per capita within budget	1,249	591	409	384
Expenditure of junior secondary student per capita within budget	1,595	1,041	752	512

(yuan)

Source: Shen (1998)

By making use of private funding, one of the results is the equalizing of the total amount of education expenditure per capita across the four regions. In Table 4, regional disparity in expenditure for each student within budget (that is public education expenditure) is significant. For junior secondary students, Shanghai exceeds Zhejiang by 211% and Guangdong by 112%. But when the private sector is also counted, the figures are reduced to 76% and 36% respectively. As for primary school students, Shanghai exceeds Zhejiang by 225% and Guangdong by 205%. The figures are also reduced to 107% and 86% respectively when private school input is also taken into account. This shows that the Guangdong and Zhejiang province, at least in some ways, succeed in obtaining extra resources from private schooling to supplement the public schooling system.

CONCLUSION

The different patterns of the development of private school system in different parts of China, as discussed above, are the results of the negotiation process between the central and local government, and between the local government and the local situation.

Given the encouragement from the central government to boost for private education and ambiguities in policies and legislation at the same time, the local governments find rooms to develop their own plans for private schooling and set their own goals accordingly. With the financial capacities strengthened and authority granted, the local governments are capable in the delivery of their own plans. However, the autonomy of the local governments is not unlimited. Under the clearly stated policy of maintaining public education to be the main part of the school system, no local government has ever tried to create a superior structure of private education over the public schools.

Policy goals and orientation of the local governments play an important role in shaping the pattern of private education development adopted. Equally important is the financial capacity and affordability of the government and the people in providing adequate and satisfactory public education system and in raising alternative schooling system. Resources such as school site available also have an impact. Geographic, demographic and economic aspects which are

⁷ Li Xiaolu (1999), the Deputy Head of the Guangdong Provincial Education Bureau, spoke in a meeting with a group of minban school heads of the province, that the provincial government is planning to tighten up the control over school finance and their orientation in order to reduce risks.

related to either the supply or the demand side all count.

The emergence of different patterns in the development of private school system across different parts of China also serves as a very clear illustration of a highly homogeneous system going diversified. In reality, rather than “one country, two systems,” China is approaching “one country, many systems” in particularly the area of private education.

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