Private schools in the People’s Republic of China: Development, modalities and contradictions

Schulte, Barbara

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Chinese private schools
Barbara Schulte

1. Introduction
Chinese private schools may come across as a contradictory phenomenon: why would an authoritarian and officially socialist government, that needs to rely on education as an instrument of national unification and ideological control, allow for private schools and profit-making in the educational sector? However, seen against the background of the far-reaching privatisation processes that have been shaping the Chinese economy and society since the 1990s, one might equally wonder why this seemingly all-pervading privatisation wave had for a long time stopped short of the educational realm. This chapter outlines the development, modalities, and contradictions of private schools in the People's Republic of China.¹

2. Historical background
Until the founding of the People's Republic in 1949, most schools were in private hands. Historically, the Chinese education system was an examination system rather than a genuine school system: it constituted a state-controlled, empire-wide mechanism of selecting suitable candidates for public service. While the state took care of designing, implementing and assessing the examinations, the knowledge and skills that were needed for successfully passing these examinations were mostly obtained at private schools (Miyazaki, 1976; Y. Wu, 1993). In 1905, the examination system was abolished, and in 1912, with the end of the last imperial dynasty and the beginning of the Republic, political attention shifted towards mass education. However, due to political instability and lack of financial resources, the Chinese state only had a limited capacity to act. The establishment of new schools and even the new education system as drafted in 1922 were largely the outcome of private actors' engagement (Schulte, 2012; Y. C. Wang, 1961). Even after the Nationalist government put an end to the Warlord period and strengthened its control after 1928, many of the regulations concerning state-provided education were never implemented nation-wide, and education continued to be delivered mainly by private actors (Mackerras, 1985).

Following the Communist take-over in 1949, the state strove for an encompassing, public education system, pursuing the ambitious aim to replace all private schools with public schools. Fuelled by heavy government investment in public schooling, the number of students at all levels skyrocketed. In order to reach the political target of mass access to schooling, privately financed schools "run by the people" (minban) continued to exist, or were even newly established, until well into the 1980s, mostly constituting lower-quality,

¹ The chapter is partially based on my fieldwork on private schools in China conducted between 2010 and 2015. The overall project was supported by The Swedish Foundation for Humanities and Social Sciences under Grant P11-0390:1 for the years 2012-2015; some of the fieldwork trips received funding from the Crafoord Foundation for the years 2010-2011.
3. Legal status
These new developments called for a new legal regulation: in 1997, the State Council passed the Regulation on the Running of Educational Institutions with Social Resources (State Council, 1997), which officially encouraged the “healthy development” of private schools, with the exception of religious schools. While the state’s task is described in this regulation as monitoring and providing guidance, no financial support was to be given to these schools. The many restraints and warnings as articulated in the regulation give reason to assume that these early developments were fraught with financial embezzlement, unstable school environments, insufficient teacher resources, and academic fraud. In particular the market for tutoring education blossomed, taking advantage of families’ ambitions for their offspring to attain high grades and get admitted into elite schools. By now, this vast educational industry in the shadows of compulsory education (so-called ‘shadow education’; see e.g. W. Zhang & Bray, 2016) has become an important player even in the stock markets (Sinacom, 2012).

Similar to privatisation processes in other sectors of Chinese society, the privatisation of resources and provision of education has often been characterised by blurred boundaries between public and private management and funding. Most typically, the public schools’ infrastructure, networks, and other resources were being exploited for operating profit-generating schools, while obtained profits would not flow back into the public school system but end up in the various entrepreneurs’ own pockets. The Law for Promoting Private Education, coming into effect in 2003 (NPC, 2002), does little to limit this exploitation of public resources for personal profit. Even after private schools attached to public schools were explicitly forbidden, I would still come across such schools in my fieldwork, particularly in places other than Beijing. Besides, the law leaves a large grey zone regarding the extent to
which profit can be made from educational businesses: the law only rules that a "reasonable profit" (heli huibao) is legal; however, what exactly "reasonable" entails is not specified and is open to negotiation. In practice, this has led to arbitrary decisions by the local bureaus and corruptive behaviour among the actors involved.

According to the law, regional governments above the administrative level of the county are free to offer financial subsidies and other forms of support to private schools (such as preferential taxing, letting cheap land, paying rewards to successful schools or entrepreneurs etc.). This freedom has led to vast regional differences in how profitably and smoothly private schools can be run. In some provinces, particularly those with lacking or inadequate public education, local governments are more welcoming than others towards subsidising and integrating private schools into the local school system. Since there is such leeway regarding the allocation of government funds, some private schools that are declared "pilot projects" can receive much higher government funding than their public counterparts; while other private schools do not even get the subsidies that they are entitled to according to local regulations. Even within one and the same city, districts were found to be handling these regulations differently.³

In October 2016, the People's Congress adopted an important amendment to the law regulating private education: for-profit private schools are no longer allowed within compulsory education. From 2017 onwards, educational entrepreneurs outside compulsory education are free to decide whether they want to establish non-profit or for-profit schools. Once the choice is made, for-profit schools will be treated as businesses, while non-profit schools continue to (potentially) enjoy preferential treatment, such as tax exemption, cheap land allocation etc. Potential surpluses generated at non-profit schools have to be reinvested into the schools, allowing however for the possibility of a "bonus" for the school owner (to be authorised by the local educational bureau). Furthermore, the amendment "encourages" private schools to model their pension schemes on those of public schools (NPC, 2016). Some media have speculated that this could constitute a step towards more equality in education, as "schools for the nobility" will no longer receive government support; while others have maintained that this could be the death blow to private education (Yan, 2016). It remains to be seen how these changes are going to be implemented, and how profits and bonuses will be interpreted in practice, particularly since the details of implementation are again to be decided regionally. First reactions indicate that incentives to run private schools will be reduced drastically, affecting not only educational entrepreneurs and private school teachers, but also those children who because of their external residency are still barred from attending the local public school, or discouraged from doing so (Yan, 2016).

³ Finding from my fieldwork in the city of Wenzhou, Zhejiang Province.
4. Development of private schools

Development at different educational levels and types of private schools

With the law of private education in 2003, private schools and universities became a systematic part of official educational statistics. Between 2003 and 2015, private education has been growing continuously, but on a comparatively small scale: as of 2015, more than 7 million students – a share of 7 percent of all primary school students – attended a private primary school; the shares of private students are 10% and 6% for lower and higher middle school, respectively (Figure 1).

![Figure 1: Share of students attending private primary, lower secondary and upper secondary schools in %](Source: Statistical reports by the Chinese Ministry of Education, 2004-2016)

Within compulsory education, private schools can be roughly categorised as follows:

i. Low-fee private schools for poorer migrant households, often run by migrants: In many cases these are not accredited by the local educational bureau, thus facing the constant danger of being closed down.

ii. Medium-fee private schools affiliated to prestigious public schools, profiting from the public school's prestigious name: These private 'siblings' have been established due to the public schools' limited number of available places and absorb the excess demand for high-quality education. Theoretically these schools are supposed to be economically independent, but de facto many private schools continue to make profit at the expense of their public siblings.

iii. Medium-fee private schools run by individual entrepreneurs: These schools have been established for various reasons (see section on social functions below). Schools can be both new, or they can be previous public schools that due to low quality were sold to an investor (comparable to charter schools in the US). Founders had often worked as public school principals in the past and usually have good working relations with the local educational bureau.
iv. Medium-fee private schools run by corporations, often expanded forms of the preceding type: A specific subtype of these schools are those run by real-estate companies in charge of larger gated communities, since companies are required to provide compulsory education in these communities.

v. High-fee private schools, often offering an international degree (International Baccalaureate): These schools usually cooperate with overseas universities and schools, and some of them are run by non-Chinese investors or as a Chinese-international joint-venture enterprise. Students are usually from the Chinese upper class or from expatriate families, and prepare for university studies abroad.

How these schools are supervised, controlled, and evaluated depends, similarly to the financial support given or withheld by the respective local government, to a large extent on the local context. My fieldwork in three different regions in China found three rather different situations: in Beijing, private education was found to be strictly state-controlled, with very little incentive for educational entrepreneurs to establish genuine private schools within compulsory education (with the exception of the above-mentioned schools in gated communities); in Yunnan Province, a comparatively poor province, private entrepreneurs were found to be much more encouraged than their colleagues in Beijing to establish full-fledged private schools as complements to state-provided basic education; and in Zhejiang Province, which is known for education-savvy, affluent business families, private schools seem to come closest to the Western prototype of the private school: elitist alternatives to public schools.

Social functions of private schools
Intuitively, one might assume that private schools constitute the 'better choice' from the perspective of parents: families actively enrol their children at private schools in search of a high-quality (or better quality) educational solution. A variety of educational research has shown that the issue of private education and school choice is complex: even though parental choice clearly puts better educated families at an advantage and thus facilitates social reproduction (Ball, Bowe, & Gewirtz, 1995), money, power, and privilege are often accompanied by anxieties and the fear of losing status by choosing the 'wrong' school (see e.g. Roda & Wells, 2013). Besides, scholars have found that parents are not necessarily pushed away by public schools but seek private schools when they wish for more parental involvement and school-parent interaction (Goldring & Phillips, 2008). The most common driving factor for choosing a private school however seems to be academic performance (Burgess, Wilson, Greaves, & Vignoles, 2015).

The dynamics regarding educational privatisation and school choice look quite different for development contexts (see Macpherson, Robertson, & Walford, 2014). Private schools in these contexts often emerge as 'better-than-nothing' solutions, either because there is no accessible public school in the vicinity, or the public schools at close range are considered so low-quality or low-safety that they do not present an option for any families who can afford to avoid them. In China, the default 'best choice' is, with very few exceptions, the public school; thus, the competition is fiercest for entrance into elite public schools, and parental choice takes place mainly within the public school system (X. Wu, 2012). Even though public
elite schools, or so-called 'key schools' (zhongdian xuexiao), are no longer allowed according to the Law of Compulsory Education as amended in 2006, they still continue to exist.4 Their public nature however does not mean that these schools' admission policies are strictly meritocratic; parents usually need to employ both financial and social resources in order to get their children admitted. Most private schools have therefore emerged as second-choice options, with two possible exceptions: firstly, high-fee international schools (type V in the previous section) may present a first choice for families who envision an international career for their children (although they may have chosen the school after failing to enrol their children at an elite public school). Secondly, illegal or non-registered children, particularly those of migrant families, may have no other choice than to attend a low-fee private school (categorised as type I in the previous section).

Between these two extreme options, I have come across a variety of social functions that the respective private schools fulfilled for the families who chose that particular option. These functions, some of which overlap with one another, will be briefly described in the following sections.

Schooling in gated communities
As mentioned above, real-estate companies that construct larger gated communities are required to provide compulsory school education for the compounds' residents. This was long regarded a troublesome task by most companies. However, at one point, a manager of one company, a business woman from Hong Kong, discovered that this regulation could actually be turned to the company's advantage. By establishing high-quality schools, with high transition rates to elite upper middle schools and in cooperation with teachers from prestigious universities and public schools, the company ensured that families wanted to buy an apartment in the compound for educational reasons. The obvious advantage of the gated-community solution is that the compound literally provides education from the cradle to the grave: the supply reaches from play facilities and kindergartens to primary and secondary schools to an old-people's university. The gated-community option thus relieves parents from navigating the complicated terrain of school choice, and as a sort of 'one-stop shop' these families' children and grandparents basically do not need to leave the compound at all – a perfect solution particularly for busy dual-earner families. By the time of writing, the company has been able to erect communities in several large cities in China.5

Families with more than one child
An investigation into these compounds' statistics shows that there is an above-average representation of families with more than one child. Although family statistics were not provided at the visited private schools that were not part of a gated community, interviews with school principals confirmed that also at these schools, students tend to have siblings

4 Paragraph 3, Section 22 of the law rules that there is to be "no differentiation between key schools and non-key schools", and that schools are not allowed to have "key classes and non-key classes" (PRC, 2006).

5 At present, it is unclear how the legal amendment that bans for-profit private schools from compulsory education will affect this requirement. It is conceivable however that companies will be able to work around the new regulation by relabeling the school fees as fees related to the building complex.
more often than their peers at public schools. China has until recently practiced a one-child policy, which with some exceptions made it very difficult for a family to raise and educate more than one child. Private schools with moderate fees were therefore an acceptable solution if the child was excluded from social welfare. It remains to be seen how the relaxed birth policy will affect these families’ school choices in the future.

External residents
According to Chinese regulations, children are illegal residents if their families do not meet the requirements and/or lack the appropriate documentation to qualify for a local residence permit. These migrant families usually originate from China’s poorer rural areas and move to the cities in search for jobs. In many ways, their situation is comparable to illegal or non-registered trans-border migrants in Western countries. According to the Ministry of Education's statistics, there are 14 million migrant children who have accompanied their parents to the cities, while more than 20 million children are left behind by their parents in the countryside (MOE, 2016). However, even cautious estimates assume a much higher number of migrant children in the cities; Lu and Zhou (2013) estimate 30 million children to live these temporary and partially illegal lives. Theoretically, migrant children are entitled to enrol at the local school, even if they lack a valid residence permit. Since the mid-1990s, various announcements, regulations, and eventually the amended Law of Compulsory Education in 2006 have emphasised this right; however, problems with integrating these children into the local school system persist (Zhou & Wang, 2016). The poorest families might be afraid of being sent back to the countryside and therefore avoid the public system altogether. Other cases are subtler. While outspoken discrimination has become rare, many migrant families are still discouraged from enrolling their children at the local public school. Due to local parents’ resistance, schools may for example have special classes for migrant children, with less resources and unexperienced teachers. Therefore, relatively well-off migrant families, who in many regards can count as middle class families, may make the active choice to spare their children this ostracism and opt for a good-quality private school.

Escaping cram schools
As mentioned above, tutoring classes are a burgeoning business, and families with ambitions can hardly avoid them (W. Zhang, 2014). For the PISA survey (Programme for International Student Assessment) in 2012, seventy percent of Chinese students said they were taking additional math classes (OECD, 2013, p. 356), and the students participating in PISA 2015 spent twenty-seven hours a week with studying outside school, probably to a large extent at cram schools (OECD, 2016, p. 213). Tutoring classes do not only entail high costs for most families, but they constitute also a significant source of stress: parents have to be knowledgeable about the quality of different cram schools, and they need to arrange transport for their children in the afternoons. Many middle-fee private schools offer to take this burden away from parents: they guarantee high learning outcomes and, to be able to reach these, integrate tutoring classes into the school curriculum. Since subject teachers and

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6 Exceptions included for example ethnic minorities and rural families whose first child was a girl (to avoid selective abortions). The policy was then relaxed to also include, first, couples who both were only-children and, at a later stage, couples with one only-child partner. Since January 2016, couples are free to have a second child.
afternoon tutors are usually identical and teachers thus gain better insight into their students’ learning progress, this method has proved highly efficient.

International exit
Those parents who are critical of rote learning and cramming in the first place cannot really accommodate their children within the Chinese education system. Even though the curriculum reform that was launched with the beginning of the new millennium called for a more holistic approach to education, emphasising values such as innovation and creativity (Zhong & Cui, 2001), the nature of the examination system constantly undermines these reform attempts, and schooling continues to be highly test-oriented and formalised. One solution, which has been explicitly referred to as an "exit" solution (chukou) in talks and interviews during my fieldwork, is to leave the Chinese system altogether for an international school. By now, there are a number of schools offering international degrees that are also affordable for the middle class. The above-mentioned schools in gated communities for example frequently offer this track as well. The consequences of enrolling at an international school are far-reaching: it usually entails that graduates have no chance of passing the Chinese university entrance examination and will thus have to leave the country for further study.

Avoiding vocational school
A vocational degree has a rather low status in China, despite repeated attempts by educationists and policy makers to make vocational education more attractive (Schulte, 2013; Woronov, 2016). To end up at a vocational school is considered a sign of low social class and uninformed choice (Ling, 2015). Within the public school system however, vocational schools are difficult to avoid once a student transits to the upper secondary level and has only mediocre grades, as roughly one-half of upper middle schools are vocationally oriented. Private schools can offer a palatable alternative: although they are considered inferior to the first-choice public school, their degrees are still more valuable than those of a vocational school.

Alternative pedagogies and last resorts
Finally, two last aspects have been found to characterise the landscape of private schooling in China. The first is the promise of a better pedagogy. As school principals and teachers have claimed, public schools have been mainly teaching to the test, whereas private schools have much more leeway to actually educate children as human beings. It is difficult to assess to what extent such claims are part of the school’s self-perception and perhaps marketing strategy, and to what extent the school’s pedagogy really makes a difference for the students enrolled. Generally, the classes observed during the fieldwork were all rather exam-oriented, with a heavy focus on memorisation. Taking the argument of a different pedagogy further, there exist a number of schools who have specialised on school dropouts or ‘problem children’. Both the lack of state support for students with learning difficulties and the stigma of special schools may prompt parents to opt for these 'last resorts', who employ a curious mixture of relaxation techniques and boot camp methods to get their students back on track. These types of schools are run as boarding schools.
5. Performance of private schools

Both educational researchers and public opinion agree that Chinese public schools usually perform better than their private counterparts. Grades have consistently been found to be lower among private school students, compared to their public school peers (Liu, 2011). This is attributed to the fact that the majority of private school students are disadvantaged in terms of their parents' income or more generally regarding their life circumstances (such as not having local residency). Furthermore, a report published by the Chinese Ministry of Education's newspaper indicates that grades are lower at private schools, and more state supervision is deemed necessary to ensure good quality at private schools (Ke, 2014).

As no national assessment data are accessible for the entire country, the PISA surveys are the only large-scale studies that provide partial information on student performance related to school ownership in China. PISA 2012, for which only data from Shanghai was published, reports a performance advantage of 35 score points for students enrolled at private schools; however, after accounting for the economic, social and cultural status of students and schools, the difference in performance shifts towards an advantage in public schools (OECD, 2013, p. 56). This suggests that the nine percent that constituted the share of private schools in the Shanghai sample were economically/socially privileged. PISA 2015, which covers Beijing and Shanghai plus the provinces of Jiangsu and Guangdong, reports that the 10.6 percent of students enrolled at private schools show no significant performance differences compared with their public school peers (OECD, 2016, p. 125 and 343); those differences observed show a slight advantage for private school students, which again transforms into a disadvantage when economic and social status are taken into account.

Thus, the PISA data seems to contradict the studies undertaken by Chinese researchers, indicating that students enrolled at private schools perform better, or at least equally well, compared to those enrolled at public schools. However, this contradiction might be more apparent than real. The PISA data covers only a small section of Chinese education; it is not representative of the entire country, and concerns have also been raised regarding the validity of the sampling. It can be safely assumed that the regions chosen for the Chinese participation in PISA represent comparatively high-performing parts of Chinese education; researchers have argued that the results would be much lower if for example the western or central provinces had been part of the sample (see the discussion in Y. Wang & Lu, 2016). Consequently, the private schools located in the regions that were part of the PISA sample also tend to be of higher educational quality: these regions, together with Zhejiang Province, are known to host the highest number of private elite schools in the country. Furthermore, there is reason to assume that low-quality private schools such as those erected by migrants are not, or only partially, part of the sample, as their status as officially registered schools is often pending.

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7 A so-called "Chinese PISA" was launched in 2015 (MOE, 2015); however, the data has not yet been made accessible (to be expected at https://www.eachina.org.cn/eac/jcjg/index.htm; accessed January 12, 2017).

8 For more detailed information regarding the Chinese PISA results and the question of representativeness, see Schulte (2017, forthcoming).
Recent reports regarding private school performance in affluent regions indicate that private schools have gained a performance advantage vis-à-vis their public counterparts. According to these reports, an increasing number of ambitious parents are concerned that educational reforms may lead to lower exam results for their children; since they do not wish their children to become "experimental objects of public reform" (HZJS, 2015), they resort to private schools. An investigation into student performance in Hangzhou, the capital of the above-mentioned Zhejiang Province, reveals significantly better results for private than for public schools (ibid.). However, if the legal changes as announced in October 2016 are implemented and for-profit private schools are banned from compulsory education, these advantages can be expected to disappear.

6. Private vs. public schools: comeback of the Chinese state?
Despite the official rhetoric of 'encouraging' non-state actors to contribute to education, the Chinese state has never fully embraced the idea of private provision of education, and even less so within compulsory education. The recent ban on for-profit schools from compulsory education confirms an unease that has been characterising the government's attitude towards private education over the past two decades. The vast majority of Chinese private schools are disadvantaged vis-à-vis public schools: not only in terms of state funding, but they are also placed last when it comes to making an appearance at school fairs and publishing calls for enrolment. These practices entail that public schools have been able to skim the higher performing students, while private schools basically get the left-overs (Li, 2016). At the same time, public schools are increasingly adopting the more flexible management policies that had been unique for private schools. Private schools thereby lose the few competitive advantages that they had compared with public schools. The introduction of performance-related salaries for public school teachers for example has led to a brain drain of younger, highly qualified teachers from private to public schools (Renmin Zhengxiebao, 2010). For the state, such an unbalanced cooperation had its advantages: public schools would get the fame but skipped the blame, as they did not have to deal with the most marginalised; problems could thus be outsourced to private actors, without the state being accountable for the outcomes. So why would the Chinese state want to terminate this division of labour?

Two reasons might lie at the bottom of this decision, which are related to questions of social justice and politics. On the one hand, policy decisions, announcements, and strategies of the past decade have increasingly shifted towards including the more disadvantaged groups in society. The concept of the 'harmonious society' as put forward by the previous leaders Hu Jintao and Wen Jiabao at the National People's Congress in 2005 set the course for cautiously redistributive policies. In education, this gained momentum with Wen Jiabao's New Year's speech in 2010, during which he emphasised that every child had the right to attend not just a school, but a "good school" (Wen, 2010). Taking responsibility for society's weaker groups has since become an integral part of the government's legitimacy and a sign of its strength. Any incidents that would point to the government's lack of care and control, such as academically dubious or dilapidated private schools, can thus lead to questioning the
government's legitimacy more generally. Given the irregularities in the ways that private schools have been accredited, supported, and monitored by the local bureaus, the central government might find it easier to rid compulsory education of private schools altogether, rather than trying to mend the present system. Of course, it is far from certain whether the state will be able to step in after private actors have left the stage. As Chinese researchers have pointed out, private schools, even if they may be run for profit, often assume special responsibility for migrant children, and thus provide services that are only insufficiently offered by public schools (Yan, 2016).

On the other hand, the above-mentioned trends towards a performance advantage of private schools in more affluent regions present a different kind of risk to the current government under Xi Jinping, namely the potential alienation of a highly educated elite from the state. As long as exit options from the public system were inferior to what could be gained from state-provided education, the government would not have to face direct competitors. However, if private schools should turn out to perform better than public schools, the government's ability to operate and reform education could be called into question. Superficially, the government action against private elite schools can be interpreted as moving towards more equality. However, the fact that education is state-provided does not necessarily make the system more equal or more just. As has been pointed out, access to prestigious public schools requires substantial social, cultural, and economic capital, and current developments do not suggest that this injustice is going to disappear in the near future. However, inasmuch as these inequalities are inherent within the public school system and do not take shape as a public-private divide, they are less tangible: the parameters that either facilitate or hamper selectivity and exclusivity in education are determined by the state, rather than by society – and it can be assumed that the state has a political interest in keeping these parameters in place.

7. References


