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China

# Will China shake the world?

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**Liu Yufan concludes his analysis of the state and civil society in contemporary China (see [IV 338 for part one](#)).**

## **Social services under the impact of market reform**

[<https://npa31.org/IMG/jpg/10-04.jpg>]

THE lack of opportunities for education has always been an important factor in understanding poverty. Among the rural poor in China, illiterate or semi-illiterate peoples account for an exceptionally high proportion. Unfortunately the Chinese government has withdrawn from providing universal educational opportunities to its citizens. Although the Chinese economy has grown over 600 per cent since 1979, the share of expenditure on education relative to GDP has grown little. Between 1979 and 1992, the average annual expenditure on education accounted for 2.88 per cent, which is far lower than the 4 per cent average of many developing countries. The figure has further been lowered to 2.49 per cent in 1997.

What money there is for education is siphoned off into urban areas at the expense of rural, and post-secondary education eats up a disproportionately large part of the fund. Rural education expenses are largely met by local towns and villages. However, many of them are simply too poor to build and maintain school buildings and pay teachers adequate salaries. Currently, there are 50,000 village and township governments in debt to the tune of RMB 200 billion. And although official enrolment rates for primary schools are as high as 98.9 per cent, the drop out rate is also high.

A report by the World Bank in 1999 stated that 30 million children were not enrolled at all, of which two thirds were girls. A survey indicated that, among 125 villages and towns, the wages for over 60 per cent of teachers were not paid on time. Many schools survive by forcing pupils to work with little or no pay. In March 2001, an explosion in a Jiangxi primary school killed 50 students as they were assembling firecrackers.

In urban areas the situation is also deteriorating. College students now have to pay large sums of money to enrol, a far cry from the situation 15 years ago. Free elementary education has evaporated in many cities. Due to a lack of funding, and also an eagerness to get rich, many schools now engage in commercial activities ranging from renting out office space to direct involvement in business themselves. These conditions have given rise to a new type of school; so called 'sparrow schools', thus named for their size.

In a primary school in Guangzhou, one of China's wealthiest cities, 820 students crowd into a small school with a total usable area of 1,700 square metres. The school can only afford one small basketball court in which the children can play. This is a luxury compared to several other schools nearby, which possess no play area and allow their students to do exercises on the footpath. According to the law, property developers should build one primary and one secondary school for every 100,000 people housed. However, in the course of redeveloping old areas, it is common for developers to simply ignore these laws. Hence the 'sparrow schools'.

As to the children of rural migrant workers, their right to education is simply denied. Urban officials do this on the grounds that they are rural residents under the hukou system (or household registration system). This means that rural migrants are not officially regarded as urban residents even though they may have worked and lived in a city for

years. When Li Sumei, a migrant to Beijing from Henan province, founded the Xingzhi Migrant School in 1994, there were nine pupils. It has since grown to accommodate 2,000. Yet the city government still refuses to grant any school educating migrant children an official school permit, therefore leaving them at the mercy of officials. In this environment Xingzhi School has been forced to relocate five times in seven years. The flip side to this coin is that entrepreneurs and high-ranking officials are able to send their children to elite private schools or send them abroad.

In the health sector, while the rural population continues to be excluded from free health care, the free or at least partially free health care system which the urban working population once enjoyed is now largely gone or being privatised. During the past 10 years, 'user pay' has become the guiding principle, mainly on the grounds that the old health care system was thought to encourage wastage of valuable medicine and resources. Now employees have to contribute 2 per cent of their wages - which are already very low - and employers 6 per cent to workers' personal medical accounts. Most medical expenses are to be funded by this account. In the past there was no ceiling for an employee's medical expenses, but under the new system a limit equal to an average wage for four years now applies.

The emphasis on profit and the discipline of the market has had a profound impact on medical institutions. It is now common for hospitals to charge patients who are covered by the social medical fund higher fees. Logic suggests that those who are not covered by the fund enjoy lower fees, but the reality is that many who are not covered simply cannot afford to visit hospital.

The government devotes around 2.4 per cent of its budget to national health care, which is by any standard far too little. Dealing with the spread of AIDS alone will consume a large proportion of that amount. According to official figures, there are now 600,000 HIV carriers, but some scholars put the figure at one million or more. A recent story which emerged from Xincai County in Henan vividly demonstrates the scale of the problem. In what can only be described as a man-made disaster, some villages in Xincai County have registered HIV infection rates as high as 60 per cent. Almost all HIV carriers in the region contracted the virus by supplying blood for money to local blood banks.

Local authorities had collaborated with the 'heads of blood businesses' to purchase blood from peasants, but in the process had used unclean needles repeatedly. Under these conditions the virus spread out of control. Impoverished peasants repeatedly sold blood, seeing it as a quick and easy way to earn money. Some journalists now put the figure for HIV carriers in Henan alone at around 700,000. The figure is speculative, but it seems clear that the central government is incapable of grasping the seriousness of the issue. As with the coal mining tragedy, local authorities tried by all means to cover up reports of contaminated needles thus exacerbating the problem.

China's accession to the WTO may further negatively affect the health of Chinese people. For years, 97 per cent of domestic medicine production was based on copying foreign pharmaceutical companies without paying royalties. This practice will be prohibited after the accession to the WTO, which will drive up prices for medicine substantially, making them unaffordable to many poor people. In addition, traditional Chinese herbs and medicine will also be in jeopardy in the face of increased imports of foreign-made Chinese traditional medicine. Although the cultural legacy of Chinese people, Chinese-made traditional medicine is not competitive if compared to Japanese and Korean products. The latter countries hold the lion's share of the global Chinese traditional medicine market, while China accounts for less than 7 per cent. After China's accession to the WTO it is probable that some domestic pharmaceutical companies will go bankrupt, and in the long run put Chinese patients at the mercy of TNCs.

The right to medical care should come before the profits of TNCs. As such it is the duty of public authorities to regulate the health care market in favour of the most vulnerable sectors in society.

# Environmental destruction and the drive for modernization

China is huge in terms of its territory and population, and this fact alone implies the importance of it fighting against global environmental destruction. China is now the greatest coal burning country in the world, and as a result accounts for 15.1 per cent of the world's total sulphur dioxide and 9.6 per cent of carbon dioxide emissions. China's awareness of environmental protection is growing, and it has endorsed many international conventions. The ban on logging and the summer ban on fishing in the South China Sea are recent efforts by the government in promoting sustainable development.

On the other hand, the drive for modernization through the implementation of a self-regulating market poses new challenges to the environment. The elite appears to have uncritically accepted as a model for development the consumerism of the West. The decision to promote the increase in ownership of private cars is one of the manifestations of such a mentality. Again, it is impossible for China to copy the Western model in this aspect. If China's auto industry could deliver one car to every household, a level of ownership still lower than the US, it would lead to an environmental disaster.

One may argue that this prospect is remote, but one must not lose sight of the fact that China's development has led to widespread and massive consumerism over a relatively short period, and the damage to the environment is reaching the point of no repair. Between the 1920s to 1970s the Changjiang (Yangtze River) flooded every six years. From the 1980s onward it flooded every two or three years and on a much larger scale. The 1998 flood led to 3,656 deaths and Rmb300 billion in damage. Premier Zhu admitted the main reason for flooding was over-logging along the big river. Between 1949-1979, forest coverage was already decreasing. Since the reforms, however, the situation has worsened. Experts reported that China requires at least 35 to 40 per cent forest coverage in order to retain water in the soil. China's current forest coverage has declined to a mere 14 per cent. In 40 years, the upper reaches of the Changjiang have witnessed an increase of soil erosion from 1.3 billion tons of soil annually to 1.57 billion.

The Changjiang is rapidly becoming the second Huanghe (Yellow River). In many parts of the river, dikes are now as high as 13 metres so as to accommodate the ever-rising riverbed. In the past, the scene of the so-called 'hanging river' only appeared along the Huanghe, but now it is spreading along the Changjiang. Due to corruption, the dikes are of bad quality and often collapse in flooding, thus compounding the seriousness of any flooding. Premier Zhu refers to these dikes as 'doufu dregs projects'. [\[1\]](#)

A logging ban was implemented in 1999, and a major portion of the one million woodcutters was reassigned to tree planting instead. In theory this was a good idea, but in reality local governments had little incentive to implement the ban. A rise in wood prices resulted in even less incentive, and in fact encouraged local authorities to unite with private business to engage in illegal but profitable logging.

Lacking an independent media and systems of accountability rooted in democratic principles, the central government simply does not know if and how its policies are implemented at the grass roots level. Moreover, simply banning logging in the context of an essentially normative model of modernization does not address fundamental issues relating to sustainable development. For example, demand for wood is still growing, partly because China now consumes at levels approaching consumption in developed countries. The use of disposable chopsticks, for instance, is a clear example.

As for the Huanghe, soil erosion now leads to the interruption of water flow for longer and longer distances. The phenomenon began in the 1970s, and by the 1990s the stretch of the river through which water does not flow extended from 100-200 km to 300-600 km. In the 1970s it occurred in April or May, but now happens as early as January or February.

Rapid modernization has created impressive material wealth, but at the expense of the environment. In 1995, Chinese emissions of greenhouse gases came second only to the US, and in 1999 topped the list. The government decided, beginning from 2000, to ban the production of leaded gasoline. This is a step forward, but still too small compared to the needs of protecting the environment. For the same unit of output, China expends 3 to 10 times more energy than developed countries. The more China produces, the more critical its impact on global warming. In China, as elsewhere, cost cutting firms in a competitive market have few incentives to install environmentally protective devices. Instead they attempt to shift the costs of such technology to society and the biosphere. It is at this point that public authorities often intervene, with new laws, monitoring, and hefty fines for despoliation and its after effects.

However, this is an up-hill struggle even for the most committed governments. In China, because of widespread corruption and the semi-paralysis of many local authorities which has resulted, many environmental laws are simply ignored and all kinds of industrial pollution continues to wreak havoc on the environment.

## The new dimension of gender inequality

Compared to many developing countries, China's women enjoy higher status in certain respects. While the ratio for illiteracy among women between 15-24 is as high as 21-50 per cent in many developing countries, in China the figure is 13 per cent. Rates of labour participation among women between 15-64 are as high as 80 per cent. The Chinese government has also endorsed a series of international conventions aimed at protecting women's rights, like the Convention on the Elimination of Discrimination Against Women and the Convention on Equal Pay for Equal Work and so on.

However women remain the second sex in many regards, and market reforms have further marginalized women in certain areas. Between 1990-1995, women accounted for 70 per cent of the illiterate population, but only constituted 35 per cent of those who had senior college or above education. Urban working women's wages were 77 per cent of men and rural women's income was 81 per cent of males. The difference in income owes less to unequal pay for equal work, and more to segregation of jobs between genders. For instance, women account for only 45 per cent of doctors, 30 per cent of college and secondary schools teachers, but make up 96 per cent of nurses.

Rural women continue to suffer from a lack of medical care which poses a threat to their own lives and that of their children's. In 1995, 60 per cent of rural women gave birth at home, and thus the death of women in childbirth was several times higher than in cities. In an impoverished province like Guangxi, the mortality rate of women giving birth is 10 times higher than Beijing.

Rural women also remain marginalized in education. When households cannot afford to send all children to school, it is usually boys who go at the expense of girls. Hence, 84 per cent of illiterate women live in rural areas. Women's opportunities for development are also significantly less than men. While some rural men can leave agriculture via entering universities or serving in the army, these routes are not so accessible to rural women. When husbands migrate to urban areas seeking jobs, it is the women who are left behind to till the land and look after the elders and youngsters. Since such work generates much less cash than working in cities, women continue to be viewed as economically less important. It is true that young rural women also migrate in great numbers to the cities, but it seems that women migrants are lower in proportion to their male counterparts.

Between 1985 and 1990, among the 35.3 million rural migrants, 56 per cent were men. Female migrants are substantially better educated than non-migrants, as is also the case for male migrants, implying a rural brain-drain to cities. However, even in the cities women migrants are more restricted in relation to attaining residence. Under the hukou system, children will inherit their rural identity from their mother rather than their father. It follows that while a

rural male migrant may be able to attain an urban residence permit through marrying an urban women, a rural women migrant will find it difficult to do likewise. This is largely due to urban men resisting marriage to a women to whom his children would receive the status of rural hukou. Thus even when millions of women migrate to cities to work, their chances of remaining permanently in cities is significantly lower, so returning to the countryside for marriage is the only option.

Another aspect of female migration is those from poor villages migrating to more prosperous rural regions through marriage. For many poor and under-educated women, this remains the only viable route to improve their livelihood. 85 per cent of females who migrate due to marriage work in agriculture, which implies that they occupy an inferior position if compared to the first type of female migrant. Very often they have to be content with marrying rural men who are much older and poorer than their fellow villagers. In many cases such unions are arranged simply for money, which in turn reinforces the commodification of women and subjects them to all kinds of maltreatment.

Urban women workers have seen their welfare provisions disappear largely as a result of the restructuring of the economy. In 1996, women accounted for 37 per cent of urban workers but accounted for 60 per cent of xiagang, implying that when downsizing occurs it is women who are the chief victims. In the past, women workers in SOEs enjoyed paid leave during menstruation, maternity and menopause. These benefits have in the main evaporated in the face of SOEs maximizing profit in ways similar to private companies. Women's ability to bear children becomes a burden to these competitive enterprises. In 1997, the All China Federation of Trade Unions conducted a survey of 660 SOEs, in which 90 per cent of managers did not want to hire women due to the cost of paid leave for them. Even government departments openly discriminate against women by refusing to hire women or putting a limit on numbers hired. It is no wonder that the re-employment rate for unemployed women workers is 35.7 per cent lower than men.

## Civil society, the market and the state

It is a widely accepted thesis that the marketisation of a former command economy will bring about the growth of civil society. In China's case the situation proved to be much more complex and contradictory. It depends, of course, how one defines civil society. If we define civil society merely within the context of a state-market dichotomy, then one may say that civil society exists in China. The once all-powerful state is now giving up much of its economic power over resources and factors of production to domestic and foreign firms.

The command economy was dismantled to give way to a self-regulating market. It is true that there still exist numerous governmental interventions, sometimes totally unjustified, in this national market. Nevertheless, the prices of the absolute majority of products and consumers goods fluctuate according to supply and demand. Furthermore, a new class of entrepreneurs enjoys political, economic and social privileges which were once the privilege of high officials only.

However, if we regard the growth of the so called 'third sector' (i.e., organizations which are neither subordinate to the state nor are private firms) as something essential to our concept of civil society, then our view of civil society will be markedly different. For instance, can we really say that civil society exists in China if no truly non-government organizations (NGOs) exist? Since the 1990s China has opened its markets at an ever-increasing rate, but in the wake of such action have followed more restrictive laws against NGOs.

After the crackdown in 1989, the state council approved a new regulation on registration and management of social organizations, which required every social organization to affiliate with a supervisory unit. In 1998, a new regulation was implemented with more restrictive details. For example, only one organization in any particular sphere of activity may register at each administrative level. Moreover, initial capital of Rmb100,000 for national organizations and

Rmb30,000 for lower level organizations are required. The notion that an opening of the market will inherently bring about the development of civil society, and along with it the liberty to associate and express itself, simply does not hold water. Rather, the fact is that the opening of a capitalist market brings about the development of an entrepreneurs' civil society at the expense of a civil society of the grass roots. Without democratically reforming the state, it is hard to imagine that political liberty will arise automatically.

The right to be heard is a necessary condition for any balanced growth of civil society. However, the Chinese government is particularly restrictive towards the right to free association. All 'mass organizations' are required to accept the 'leadership of the party', from trade unions to religious organizations. The suppression over Falungong (a religious sect - ed.), for example, reveals the degree of government intolerance. Peasants are particularly discriminated in this respect. For instance, there are national and local organizations - legal and officially endorsed - for students, workers, youth, women, writers and so forth. However, there is not a single officially sanctioned organization for peasants. Although the CCP declares itself to be representing peasants and workers, and that the CCP came to power thanks mainly to a peasant army, since 1949 peasants have been sacrificed at the altar of urban development. Therefore, even though there was an association for poor and middle-income peasants before the Cultural Revolution, it was never able to acquire the status which the national trade union, for instance, enjoys. During the Cultural Revolution this association was disbanded along with many others. Afterwards all official 'mass organizations' were allowed to function again except the peasant association. Without official representation, albeit paternalistically dominated, it is no wonder that peasants are still regarded as second-class citizens.

Still, it is probably true that the eagerness to be heard only grows stronger following profound economic restructuring and redistribution of national income. Both the new rich and the new poor demand a hearing. Therefore, despite the repression of the state, legal or semi-legal NGOs have mushroomed over the past 10 years. One way to set up an NGO is to create a second-level organization and then attach oneself to a registered social organization or university. Another way is to register as a business organization. These methods are of course not always accessible to common people, so a third way has been developed. That is, people form informal groups like networks, salons and clubs. These legal or semi-legal ways to form NGOs have many defects, and in no way could they substitute the need to enjoy full right of association. But nevertheless, for the moment they help to promote a limited development of the third sector.

Among the rural population, there are already 100,000 local farming groups organized by produce farmers, such as the orchid-grower's association of Shaoxing in Zhejiang province, and the grape-growers association in Shandong province. Some of these have linked up to lobby for changes to existing policy. China's entry to the WTO may further fuel the desire amongst peasants to form organizations to protect themselves from foreign competition.

Another incentive for organizing is to protect members from corruption. However, sometimes such efforts are met with state violence. For instance, the Three Gorges project will displace two million peasants in the region. For years, ever since the project started, hundreds of thousands of peasant households have been forced to migrate, while billions of dollars which were supposed to compensate them has been pocketed by officials, provoking widespread discontent and efforts in organizing to have a voice. However, when villagers from Yunyang County sent five representatives to the authority to voice their grievances they were sent to jail and tortured.

Workers' informal organizations are also growing. In 1999, it was reported that there were 30 informal workers' organizations in Beijing alone, a 23 per cent increase compared to 1998. In the south, there has been a rise in informal migrant workers' organizations. One of the favourite forms is organizing along tongxiang (referring to fellow villagers or those heralding from the same provinces), where members speak the same dialects and share familiar cultural forms. There have been efforts to organize independent trade unions, but they have met with serious repression once exposed or detected

Serious efforts have been made by people from all walks of lives to develop many kinds of NGOs, from simple mutual help societies to organizing calls for reform. These efforts can no longer be stamped out by force. If the government maintains its policy of intolerance towards the growth of organizing initiatives from below, it may only encourage confrontation and violence, thus upsetting the very stability which they value so highly.

# China and the world

For some, China is developing into a major power and is expected during the next twenty years to pose a threat to US hegemony. For others, China will disintegrate in a decade. No matter which forecast comes true, China will still shake the world, given its huge population and vast territory.

If the first forecast is true, then it may sharpen contradictions between China, the US, Taiwan, and Japan, reinforcing the arms race and the possibility of war. If, however, the second forecast comes true, then it will spell disaster to the whole of Asia if not the world. The number of illegal migrants fleeing from a disintegrating China will be enough to make one aware of the seriousness of the problem.

There is, of course, a third possibility; namely, that China continues to remain more or less the same, and that dramatic events will not occur in the foreseeable future. Even in this case there is no reason to be indifferent to the course which China is undertaking.

We must continue our effort in monitoring the course of reform, because what characterizes China's specificity is not only its volatility, but also the crisis resulting from reforms. Even at the current pace, the environmental destruction, the number of people living in poverty, the crisis in health, the spread of corruption and so on will reach intolerable dimensions in the short term and is surely capable of rupturing the social fabric.

In foreign relations, China's accession to the WTO implies a more fierce competition between Asian countries to lure FDI and to fight for increased market share. Indeed, when China conceded to drop its agricultural support from the 10 per cent (a level which developing countries legally enjoy according to WTO clauses) to 8.5 per cent, it raised serious concerns within many developing countries. They feared in the main that such a policy may give rise to a new round of cut-throat competition between developing countries. India indirectly expressed its discontent over China's concessions to the USA. Many Asian countries still remember how China's decision of depreciating the Renminbi in 1995 led to a race to the bottom among Asian countries, which to some extent contributed to the Asian crisis in 1997.

To conclude, the rejoining of the global market on the part of China may imply new opportunities for some countries and some sections of the population, but it remains true that it also implies a race to the bottom among many developing countries, which in return may someday negatively affect China herself.

Thus it is essential for us to maintain our effort to understand the impact of China's reforms and its harmonization with global markets so that an early alarm can be sounded before disasters occur.

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[1] Zhu used the term 'Doufu dregs project' to refer to the similarity between the dikes and doufu dregs; superficially both look good, but closer inspection reveals the poor quality of the product in relation to the superior original.