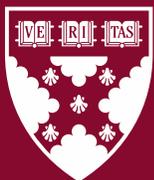


Working Paper 23-065

El Dorado Lost: Local Elites, Real Estate and the Education Business in China

Geoffrey Jones
Yuhai Wu



**Harvard
Business
School**

El Dorado Lost: Local Elites, Real Estate and the Education Business in China

Geoffrey Jones
Harvard Business School

Yuhai Wu
University of Pennsylvania

Working Paper 23-065

Copyright © 2023 by Geoffrey Jones and Yuhai Wu.

Working papers are in draft form. This working paper is distributed for purposes of comment and discussion only. It may not be reproduced without permission of the copyright holder. Copies of working papers are available from the author.

Funding for this research was provided in part by Harvard Business School.

El Dorado Lost. Local Elites, Real Estate and the Education Business in China

Geoffrey Jones, Harvard Business School

Yuhai Wu, University of Pennsylvania

Abstract

This working paper examines the evolving, complex and multifaceted relationship between the real estate industry and the education sector in China. The current crises in the private education and real estate sectors caused by policy shifts reflect the intermeshing of the two sectors. The industrialization of real estate and the expansion of private education in the 1990s were politically approved responses to the Opening Up Policy, while the contemporary policy shifts against private education and real estate are also primarily political in aim, motivated by President Xi's Anti-Corruption and Common Prosperity campaigns. Fortunes were made in both the real estate and private tutoring sectors, which were in turn intimately related to local government finances. For three decades, there was a win/win situation for all three parties. The costs were considerable also, extending from sharply increasing house prices to excessively burdened children through the demands of private tuition and homework. The current assertion of Central Government authority will go some way to address these problems, but the challenges of providing commercial housing at affordable prices, and providing children with the skills to navigate the Gaokao examination system successfully, remain.

Tags: real estate, K-12 education, China, gaokao, supplemental tutoring

El Dorado Lost. Local Elites, Real Estate and the Education Business in China

Geoffrey Jones, Harvard Business School

Yuhai Wu, University of Pennsylvania

Introduction

This working paper examines the evolving, complex and multifaceted relationship between local elites, the real estate sector, and private education in China. It takes a long-term perspective, but the focus is on the period after the opening up of China in the late 1980s. The paper shows how some entrepreneurs were able to leverage political contacts to build large real estate businesses, which subsequently invested in education. These businesses were lucrative, but after 2016, their foundations began to be eroded by a shift in the policies of the central government, which moved to closely regulate private education and real estate. These new policies reflected the central government's desire to exert greater control over the economy and society, to curb asset bubbles, and to encourage a shift of financial resources towards green technologies. By 2023, real estate and education were no longer industries in which fortunes could easily be made.

Real Estate and Political Power

Following the establishment of the People's Republic of China in 1949, the State acquired all the land in China. This was an unprecedented political and economic development in the thousands of years of history in China, when land had always been private property that could be managed, bought and sold, or donated.¹ Land was regularly donated for educational purposes, and even had a specific name – education

land (学田 Xue Tian).² During the era of Republican China, both local elites, including local gentry, property owners, merchants, and warlords, and foreign religious groups donated lands. Local elites made donations to build reputations, to provide educational opportunities for descendants, and to enhance political contacts. For example, the warlord of Shan'xi, Yan Xishan (1920s-1940s) loved to give speeches in those schools that he had made a donation, even though students found his mispronunciation and malapropism so funny that burst into laughter, while he pretended nothing happened.³ Meanwhile foreign religious groups sought political shelter at a time of civil war and political disruption by making donations.

The State ownership of land totally changed this system. A real estate sector as such ceased to exist. Both real estate and schools depended on the sanction of land usage and the loan from state-owned banks,⁴ since the use of land-- agricultural land, industrial land and housing land--depended on the management and distribution of the State.

Local Elites and the New Real Estate Industry 1991-2016

After the land nationalization reform in the 1950s, all land ownership rights in China belonged to the State. After the mid-1970s, land rights were split in rural areas. The ownership remained in the hands of the state, but companies or individuals could buy the use of land and develop it for a certain period time⁵ The Housing Commercialization Act in 1991 extended this system to urban areas. It essentially marked the beginning of the modern real estate industry in China.⁶ This can be seen as

part of the CCP's strategy to develop a market economy, whilst retaining control over the country.

The following years saw this policy slowly but erratically implemented until a further major reform in 1994.⁷ The 1994 regulation sought to exert greater control over the booming real estate sector in the context of growing inflation, a large fiscal deficit, heavy indebtedness, and foreign borrowing reaching 9.2 billion RMB in 1994. To prevent the further financialization of real estate and to, in the words of an official policy document, "effectively prevent the development zone fever and real estate fever from rising again,"⁸ the Central Government reduced the amount a developer could borrow from banks, slowed down land development approvals, and lowered the amount consumers could borrow to purchase a house. In addition, the State Planning Commission, together with the Economic and Trade Commission, the Ministry of Finance, the People's Bank of China, the National Audit Office and other departments, formed an investigation team to examine the real estate eco-system.⁹

There was a major policy shift four years later. In 1998, the Central Government announced the abolition of the unit allocation housing system¹⁰ Previously staff working in the government sector, including state-owned enterprises (SOEs) and Public Service Units (non-profits in schools and hospitals), would be allocated housing, which could not be bought or sold. This abolition stopped the distribution of housing in kind, and gradually implemented the monetization of housing distribution. It encouraged the development of hi-rise buildings to provide a big

increase in the housing stock. To ease the transition to a new system, the government used the slogan. "New house new system, old house old method"(新房新制度, 老房老办法).¹¹This stimulated the supply end of commercial housing: 107,090,000 people working in the Government, SOEs, and PSUs had to purchase commercial housing by themselves.¹²

There followed "a golden 10 years of real estate," one real estate veteran later observed.¹³ Between 1998 and 2007, the cumulative sales of real estate were 3.4 billion square meters. Over the next decade, real estate sales was even higher, at 13.6 billion square meters, although the first mover real estate companies faced a tougher context to achieve high profits, including competition from SOEs.¹⁴

Real estate investors needed strong Guanxi across the government sector in the early stages of the emergent industry, so finding and keeping the right contacts was essential. The land approval system gave the government the ultimate control over which investor were permitted to buy which land. Moreover, political contacts provided key informational advantages. The availability of land was never fully disclosed. There was also lot of room for local government officials to influence not only the land bidding, but also the bank loans available to investors. The so-called Hainan Six – the founders of Wan Tong Group, which gave rise to multiple real estate companies including SOHO --all had work experience in the government sector before engaging in highly successful real estate development in Hainan in the early 1990s.¹⁵

The huge growth experienced by the real estate industry during the 2000s was symbolized by SOHO, which was owned by the wife and husband entrepreneurs Zhang Xin and Pan Shiyi. SOHO was an early driving force to convince state-owned banks to process mortgage applications for private residential properties. The developer-assisted financing model became a standard in the housing market by 2001. SOHO's first major project, the luxury apartment complex SOHO Newtown in the eastern part of Beijing (now known as the Central Business District, or CBD), began construction after years of seeking financing. The apartments were 98% sold out as pre-sale properties between 1998 and 2000. Zhang led a team of twelve Asian architects to design a project called the Commune by the Great Wall, a private collection of modern hotel villas in Beijing near the Great Wall. The project finished construction in 2002 and was awarded the Silver Lion prize at the architectural Biennale in Venice. SOHO developed a "strata-title" sales strategy, under which a building was sold in separate units to different owners. This allowed the Company to gain access to liquidity prior to construction and the buyers to share ownership of the property. SOHO employed a competitive team of in-house sales agents to sell the individual units to high net-worth private investors across China.¹⁶

The financial crisis in 2008 had the potential to halt the growth of the real estate industry, but the Central Government invested 4 trillion RMB to support the economy, and much of this this funding flowed back into the real estate industry (see Appendix 1)¹⁷. In response to the financial crisis, however, there were changed strategies. Evergreen continued their fast-out and fast-in business model with high

financial leverage.¹⁸ SOHO transitioned their business model from build-and-sell to build-and-rent (it is also called hold-rent 自持租赁 Zi Chi zu Lin).¹⁹In 2014, Country Garden adopted a so-called "full sales" business model--all employees were mandated to sell housing--and "intermediary signing" business model--working with 2,000 plus real estate agents. Wanda turned to large-scale integrated commercial real estate—building whole cities. In some cases, there was a shift to public ownership, as when Vanke merged with Shenzhen Railway Group in 2015. Some real estate companies diversified their assets outside of the sector. The Zheng Cheng Real Estate Group, for example, temporarily invested in bottled water, though their returns could not match real estate, and they re-focused on that sector.²⁰ Country Garden established a brand called Bright Scholar Education, led by the founder's daughter. In May 2017, Bright Scholar listed its ADRs on the New York Stock Exchange. It incorporated in the Cayman Islands.

In search of profits, SOEs, especially SOEs owned by the Central government, entered real estate at a phenomenal scale.²¹ An early indicator of their role came when a piece of prime land in Beijing was opened up for open bidding in August 2010. The co-founder of SOHO Pan Shiyi expressed great confidence in public that his firm would win the contract.²² However, a company that he had never heard of ultimately acquired the piece of land. This unknown company was a subsidiary of a Central SOE called China National Chemical Corporation. Other SOE's, China Tobacco Corporation and China Ordnance Industry Group, also participated in this bidding.²³

The Real Estate Industry and Private Education

The three characteristics of the real estate industry seen since the 1990s – close political contacts, high financial leverage and fast growth – encouraged diversification into the education sector. Local governments and real estate developers had overlapping interests in investing in private education. When local governments sought to develop a new area, they typically established a prestigious school. They then negotiated with real estate developers about the sale of land, specifying that the creation of further schools was essential to the project. Local governments earned the majority of their income from selling land. This effectively transferred the cost of providing educational services onto the private sector. Meanwhile real estate companies could hope to secure a lower price for land if they offered to build schools, especially ones with prestigious brand names. This would bring more people to live in the area. According to one educational veteran who had extensive experience in politics-business relationships, the major factor for securing a better land price and a more profitable real estate program was the promise of attracting more people to the district.²⁴

The highly leveraged real estate companies adopted radical strategies to maintain their cash flows, including selling housing even before it was built. This business model was borrowed from Hong Kong in the 1990s and was never banned completely in mainland China until 2021.²⁵ “The educational housing is nothing more than a concept in the business propaganda of real estate people and local governments,” one k-12 principal argued in an interview in 2021.²⁶ It worked, as one real estate veteran noted referring to the case one of the China’s largest real estate companies,

“Country Garden is the initiator of the educational housing evil, and it indeed saved Country Garden in 1993.”²⁷

The major opportunity to enter the provision of educational services came with the Education Reform in 1985. There was a major shift from a nonmarket educational system to a market educational system in that year with the “walking on two legs” (两条腿走路) policy. The two legs were the Central Government and, basically, everything else in China, including local governments, state-owned enterprises, public service units and the private sector, which were termed “social forces.”²⁸

The rigid nature of the Chinese educational system, revolving around the Gaokao exam, and the desire of parents to send their children to prestigious brand schools and colleges, created lucrative opportunities to supply educational services. The prestigious public universities, China’s Ivy League known as the 211, 985, are most desired by parents. Parents also sought the prestigious k12 public and minban schools, since it was believed that those k12 schools offered a better chance to secure higher Gaokao scores and open the door towards 211,985 universities. Only a few ever succeeded in this fierce game of Gaokao. Since only on average 5.01% of students are selected for 211 universities and only 1.62% go to 985 universities, parents were incentivized to secure outside assistance to equip students with superior exam skills. Shadow education, as a means to boost Gaokao scores, was born out of this stratification. On the other hand, mediocre school and vocational schools were despised. Vocational schools typically had to spend 3000 RMB to buy students according to one

principal of a local vocational school.²⁹

The major real estate developers were well positioned to enter this market through their extensive political connections. There were also structural connections between real estate and education. The unique Registering System (户口 Hu Kou)– enabled parents who purchased a house to also access a public school in the vicinity.³⁰ Real estate developers liked to adopt the brand of a prestigious public school, and establish branches of minban schools. Compared to public schools that were completely free, minban schools could charge tuition fees ranging from 20,000 RMB to 24,000 RMB.³¹ The school choice fee, a fee that could be seen a form of bribery when parents buy their way into a school, ranged from 20,000 RMB to 50,000 RMB based on how well the family was connected with officials and teachers in the school or education department, as well as a student’s academic performance.³² The affiliated shadow education was also highly profitable. It could serve as a student-poaching center, while identifying low-performers who had potential to pay high margin school choice fees. One minban school principal recalled in an interview that almost every minban school had an affiliated shadow education institution.³³ Besides the high invest-return rate in education, education also boosted the real estate sector, since parents desired educational housing. Large populations also brought customers to commercial complexes, which were full of arts schools and (until recently) shadow education institutions, both of which bring tons of rents. A famous commercial complex called Silver Net Center was full of arts schools and shadow education institution all over the 20 floors in Zhongguancun Beijing.³⁴ In 2015 even SOHO, a real estate company

focusing on CBD and thus incompatible with minban schools, began to offer real estate for rent to EdTech companies including New Oriental and Yuan Fudao.³⁵ As one Minban principal who was extremely familiar with investors bluntly put it, “when one investor brags his educational feeling, he’s lying through his teeth: it’s all business.”³⁶

Local governments were eager to work with real estate developers/ Revenues from land sales are crucial to local government funding. The local GDP, the almost sole metric of political performance, relies heavily on land selling. In 2020, the total tax income of local governments was 74,668 billion RMB, while 44,451 billion RMB came from selling land.³⁷ Prestigious schools can boost enrollment rates from 211,985 universities, which also heightened the political standing of the local government, and attracted more population. Besides political performance for promotion, cadres in local governments seek personal income. The example given by one anonymous interviewee was the son of the director of a local education department who persuade a real estate investor to invest in an elementary Minban school with a prestigious public brand. The whole operation was allocated 3 billion RMB, but the real cost was only 1 billion RMB, and the margin went to the son, who owned an interior decoration company.³⁸ In other cases, the bribery could be more subtle, as when a newly established prestigious Minban school offered educational opportunities for cadres’ descendants, regardless of their academic performance and zero intuition³⁹. Most Minban schools have a so-called Guanxi Class, which consists mostly of cadres’ descendants. Entrepreneurs also love to send their kids to the Guanxi Class in order to get close to cadres’ families. The head teacher of a Guanxi Class is carefully chosen,

because the position needs specially ability to take care of all the subtlety. When one finds that, under the context of score-driven, one class has the poorest academic performance, but the headmaster wins the biggest allowances, and takes the most gifts, including so-called red-pocket (cash), one could confidently find the existence of Guanxi Class.⁴⁰

The administrative staff in schools and administrative officials in Education Departments are purely profit-driven: they have power to leverage educational resources—brands, connection with elite families, and Guanxi in the education system. As a result they deal extensively with real estate investors, who need the educational resources to leverage their educational housing strategies. The downsides of such closeness is the impact on student creativity. The system is score-driven because higher enrollment rates lead to a larger accumulation funds of the school/ Public Service Unit⁴¹(公积金 Gong Ji Jing) and affiliated interests, providing so-called gray income(灰色收入 Hui Se Shou Ru) including school choice fees and shadow education.

In this eco-system, teachers were the hardest workers with the lowest income. One 30-year a veteran teacher in a prestigious public high school reported in an interview that their salary was only for buying noodles and too little to afford housing, and so they had to make extra income.⁴² Teachers are score-driven because the administrative staff set the goal, and the average score of their students decides their annual allowance. The situation gets more intense in private schools. Teachers are in constant competition. An interview told the story of one female math teacher who

decided to recruit a few students in her class for after school tutoring, because she just gave birth to a second child and needed more money. Two other teachers of the same school reported her to the local Education Department. She was punished, while every other teacher continues to make extra money.⁴³

The unintended consequences of the system are extreme. So-called Edtech companies or Internet Education companies had nothing to do with technology, but were focused on achieving Gaokao scores. A director of a shadow education institution even boasted its efficiency to boost Gaokao scores and claimed publicly without shame that “any institution that does not focus on improving Gaokao score is a brutal thug.”⁴⁴ The anxiety among parents could even be described as an armaments race. The phrase ‘chicken the children’⁴⁵ (鸡娃 Ji Wa) is (like Tiger Moms) quite popular, and it only humorously disguises the parentocracy on steroids that Chinese families have become. The Gaokao competition extends to the kindergarten, when teachers hustle to spoon-feed the knowledge of elementary schools,⁴⁶ The Gaokao competition becomes a necessary topic of conversation on a daily basis in WeChat Groups, and social media, which use parent anxieties as click bait to increase hits. The situation sometimes gets bizarre. For example, every weekend, several parents in Shanghai are known to fly round trip to Qindao in one day just to send their kids for a violin class with a famous music teacher in order to highlight on their children’s CV.⁴⁷ The top six elementary schools in Beijing, including the Zhong Guancun No. 3 elementary school, require parents to be interviewed.⁴⁸ This “armament race” has not stopped even in the face of the intense regulation since 2016 when Minban schools have been handicapped. The

shadow education has been merely pushed underground as teachers secretly provide tutoring service to students in hotel rooms.⁴⁹

Ending El Dorado. The new era of regulation

The education and housing reforms of the 1990s had unintended consequences which had become apparent by the mid-2010s. High housing prices and high education competition led to profound social anxieties, which led in turn to serious economic problems. The CCP believed that social anxiety reduced the motivation to have children,⁵⁰ exacerbating the already aging population,⁵¹ and so impacting the labor pool. The Third-child Policy was launched in 2021, one year after intervening in the real estate industry.⁵² China Report, a newspaper under the supervision of the Information Office of the State Council, even published an article saying “cadres should not reject to marry, or to give birth, merely based on subjective or objective reasons; cadres should not give birth to only one child, or only two children...”. This article was withdrawn 16 days later—with 5,700,000 clicks already.⁵³ The “lie down” (躺平族) phenomena – a generation unwilling to sacrifice themselves in work – emerged in response to the pressures put on them in education and became another social problem.⁵⁴ The highly profitable real estate sector attracted capital that could arguably be applied to more productive industries, including in green technologies. The highly profitable education industry does not produce actual products, and does not solve actual problems of students, but feed on family’s anxiety.

These negative consequences lay behind the Chinese government’s assault

on private education and the real estate sector as part of the Anti-Corruption and Common Prosperity policies pursued by President Xi. In a speech in 2018, President Xi observed that the vast private tutoring industry should not be “profit-driven,” but rather focus on the “well-rounded development of students.”⁵⁵ Three years later the government ruled that tutoring for primary and middle school students must be conducted on a non-profit basis. They banned such activities at all during the summer break, reduced the amount of homework expected of children, and took over restrictive measures. Minban schools that had borrowed public brands were required to give up the brand. The New York-listed New Oriental had 90 per cent of its share value wiped out, and pivoted to selling food products and services online. At the same time, the government moved to restrict the teaching of English in various ways.⁵⁶

The government also moved against the real estate sector. By 2020, the sector was heavily indebted, using cheap loans to invest in areas in which they had no expertise, such as Evergrande’s diversification into water bottling, electric cars and even buying a soccer team. The so-called “three red lines” policy launched on August 28, 2020 was unprecedented. The central bank and the Ministry of Housing and Urban Rural Development restricted the financing of real estate developers in multiple ways: the debt to asset ratio excluding deposit received could not exceed 70%; net assets liabilities ratio could not exceed 100%; and the cash to debt ratio could not be less than one. Immediately, most real estate companies faced financial crisis particularly in capital liquidity, especially those with high financial leverage. In 2021 the Chinese government halted the flow of cheap credit to the sector. Evergrande and other large

property developers spiraled into default, and the impact rippled across the industry. El Dorado had unraveled.

Concluding Remarks

This working paper has examined the relationship between private education and the real estate industry in China. The current crises in the private education and real estate sectors caused by policy shifts reflect the inter-meshing of the two sectors. The industrialization of real estate and the expansion of education in the 1990s were a political priority oriented and triggered by the Opening Up Policy, while the present day policy shifts against private education and real estate are also primarily political in aim, and motivated by President Xi's Anti-Corruption and Common Prosperity campaigns.

Fortunes were made in both the real estate and private tutoring sectors, which were in turn intimately related to local government finances. For three decades there had been a win/win situation for all three parties, but the costs were enormous too. They ranged from sharply increasing house prices to excessively burdened children. The assertion of Central Government authority will partially address some of these problems, but the challenges of providing commercial housing at affordable prices and providing children with the skills to navigate the Gaokao system successfully remain.

Appendix 1: List of Interviewees

- (1) Li, Senior Staff of the Power China Corporation., Oct.28, 2021.
- (2) Tu, Legal Representative of a Real estate Investment Co. LTD., Oct. 25, 2021.
- (3) Huang, Senior Staff of the Orient Securities Co., LTD., Oct. 25, 2021.
- (4) Zhao, Senior Staff of the Financial Department of the BEKE (China) Investment Holding Co. LTD., Oct. 21, 2021.
- (5) Li, Deputy Director of Marketing Center of the Power China Corporation., Oct. 23, 2021.
- (6) Wang, GM of the Da tang wealth Investment Management Co., LTD., Oct. 25, 2021.
- (7) Liao, Senior Staff of the Li & Fung Group (Hong Kong), Nov. 11, 2021.
- (8) Yao, GM of the Shi Mao Group., Nov. 1, 2021.
- (9) Lu, GM of the Ai Jian Trust, Oct. 26, 2021.
- (10)Ding, Secretary General of X Province Entrepreneurs Association., Nov. 1, 2021.
- (11)Feng, Real Estate Contractor, Nov. 1, 2021.
- (12)Xu, Real Estate Buyers in Hong Kong and Macao., Nov. 9, 2021.
- (13)Wu, GM of A Decoration Company., Nov. 3, 2021.

Appendix 2:

(1) Average Selling Price of Residential Commercial Housing in Beijing (YUAN/m²)

北京市住宅商品房平均销售价格 (元/平方米)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
58740.00	42684.00	38433	37420.19	34117.00	28489.00	22300.00	18499.00	17854.00	16553.48

(2) Per Capita Disposable Income of Beijing Residents (YUAN/year)

北京市居民人均可支配收入 (元/年)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
75002	69434	67756	62361	57230	52530	48458	无	无	无

(3) How many years does it take per person to buy an apartment of 100 square meters in Beijing?

北京市住宅商品房平均销售价格 (元/平方米) x 100 (平方米) / 北京市居民人均可支配收入 (元/年) = 人均在北京市购买一套一百平米的住房需要花多少年									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
78.32	61.55	56.72	60.01	59.61	54.23	46.02	无	无	无

Source: National Bureau of Statistics; Beijing Municipal Bureau of Statistics

Appendix 3:

(1) Average Selling Price of Residential Commercial Housing in Chengdu (YUAN/square meter)

成都市住宅商品房平均销售价格 (元/平方米)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
14087	13231.00	11729.00	9783.16	8595.00	7377.00	6584.00	6536.00	6708.00	6678.46

(2) Per Capita Disposable Income of Chengdu Residents (YUAN/year)

成都市居民人均可支配收入 (元/年)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
45755	48593	45878	36142	33217	35902	33476	32665	无	20307

(3) How many years does it take to buy an apartment of 100 square meters per person in Chengdu?

成都市住宅商品房平均销售价格 (元/平方米) x 100 (平方米) / 成都市居民人均可支配收入 (元/年) = 人均在成都市购买一套一百平米的住房需要花多少年									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
30.79	27.22	25.57	27.07	25.88	20.55	19.66	20.01	无	32.89

Source: National Bureau of Statistics; Chengdu Bureau of Statistics

Appendix 4:

(1) Average Selling Price of Residential Commercial Housing in Tianjin (YUAN/m²)

天津市住宅商品房平均销售价格 (元/平方米)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
16709	16391	15423	15924.26	15139	12870	9931	8828	8390	8009.58

(2) Per Capita Disposable Income of Tianjin Residents (YUAN/year)

天津市居民人均可支配收入 (元/年)									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
47449	43854	42404	39506	37022	34074	34101	31506	32658	无

(3) How many years does it take to buy an apartment of 100 square meters per person in Beijing?

天津市住宅商品房平均销售价格 (元/平方米) x 100 (平方米) / 北京市居民人均可支配收入 (元/年) = 人均在北京市购买一套一百平米的住房需要花多少年									
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
35.21	37.38	36.37	40.30	40.89	37.77	29.12	28.02	25.69	无

Source: National Bureau of Statistics; Tianjin Bureau of Statistics

Appendix 5:

(1) Chen, Principle of Chengdu College of University of Electronic Science and Technology of China.

(2) Li, Director of foreign affairs center of Chengdu Education Bureau.

(3) Yin, Chief of teaching and research section from the Jincheng College of Sichuan University.

(4) Que, Principle of the Geely University of China.

(5) Zhang, Director of teachers' development department of Chengdu Shishi junior middle.

(6) Li, Director of Yingfei arts school.

(7) Luo, Manager of Chengdu Touke tech.

(8) Chen, Director of student's development center of Chengdu No. 8 middle school.

(9) Li, Director of land and Resources Bureau of Daxian County.

- (10) Chen, Director of students' development center of Chengdu No. 7 high school.
- (11) Zhao, Officer director of Center for positive psychology of Tsinghua University.
- (12) Guan, Chairman of Tongwei Group, a listed new energy company.
- (13) Tu, Chairman of ZhengCheng Real estate.
- (14) Zhang, Principal of Aide experimental school.
- (15) Zhang, Principal of No.7 experimental school in Guang'an.
- (16) Jiang, Director of the personnel department of Jinchen College.
- (17) Xia, Vice-principle of Tianfu No.4 middle school, a new form of school.
- (18) Chen, Director of Moral Education Department of Xinchuan middle school.
- 19) Li, Principle of Xichuanhui Jindu K-12 school.
- (20) Liu, Office director of marine awareness education division of Tao Xingzhi Study Association of China.
- (21) Shi, Teaching faculty at The Engineering and Technical College of Chengdu University of Technology.
- (22) Zhang, Senior lecture of enterprise employee training division of Chengdu Aircraft Industrial (Group) Co., Ltd).
- (23) Ma, Principle of Wanyuan No.1 elementary school.
- (24) Zhao, A faculty of XiaoChaHuo rural center school and now severs in the local education department.
- (25) Luo, Vice-principal of Mahu town center school.
- (26) Luo, Founder of the biggest kindergarten in Nanchong.
- (27) He, Principal of La'er rural school.

(28) Wei, Senior teacher of QingBei online education, a K-12 online company founded by Bitedance, the owner of Tiktok.

(29) Song, Vice-principal of Xinchuan center school.

(30) Li, Accountant of Center school of Baohua town.

(31) Zhu, Party secretary and principle of Rongxian vocational and Technical Education Center.

(32) Guo, Team leader of team leader of Mint Reading.

(33) He, Staff of sichuan water conservancy vocational college and the founder of Chengdu Huayi Jinsha education company.

(34) Li, Chemistry teacher of New Oriental School in Hangzhou.

(35) Zhang, General manager of Hongsheng Jiayuan real estate company.

(36) Xu, Dean of studies of Chengdu Industry And Trade College.

(37) Lu, Principle of Sichuan Normal University Yibin experimental foreign languages school.

(38) Zhou, Director of Longxin education of sichuan-chongqing region.

(39) G, Leading member of International Union of Societies for Biomaterials Science and Engineering, IUSBSE.

(40) Sun, Chairman of Chengdu Wuhou District Federation of industry and Commerce.

(41) Chen, General manager of Chengdu Tianfu Education Consulting Co., Ltd).

(42) Liu, Teacher in charge of a class from Wei Ming K-12 school.

(43) Peng, Founder of Chengdu number 56 Edtech co.).

(44) Fan, General secretaty of the principle at the main campus of Chengdu Jiaxiang Foreign Languages School.

(45) Huang, Chemistry Teacher of Beijing Chuangzhi road education technology,co.

Appendix 6

China's top 10 real estate companies in 2021			
Rank	Company Name	Education Business	Total Market Value
1	Sun Hung Kai Properties	Not directly involved in the education industry, but supporting educational activities.	338.461 billion HKD
2	China Vanke Co., LTD.	Directly involved in the education industry. It's called meisha education. The company operates k-12 full time schools, pre-school and outdoor education summer camps.	2718.55 billion HKD
3	Long For Co., LTD	Directly involved in the education industry by establishing community schools.	2538.51 billion HKD
4	China Resources Land Co., LTD	Directly involved in the education industry. The company operates k-12 full time schools and international schools.	2267.64 billion HKD
5	China Overseas Land Co., LTD	Directly involved in the education industry. (1) Public welfare education: Hope Primary Schools. (2) Community Education. (3) Exchange Camp.	2011.66 billion HKD
6	Country Garden Holdings LTD.	Directly involved in the education industry: Boshile Education Group.	1827.78 billion HKD
7	Henderson Land LTD.	Directly involved in the education industry. To make charitable donations to higher and primary and secondary education in Mainland China, Hong Kong, China and overseas through the Lee Shau Kee Foundation.	1767.11 billion HKD
8	Poly Development Holding Group	Directly involved in the education industry. Poly Hele Education Group (Art training and enlightenment education for young children, targeted at 0-18 years old)	1411.28 billion RMB
9	Evergrande Real Estate Group Co. LTD	Directly involved in the education industry: Evergrande Education Technology Co., LTD	1298.29 billion HKD
10	Sunac China Holdings Co. LTD	Directly involved in the education industry: Guangzhou Huawan Education Investment C	1164.15 billion HKD

The authors would like to thank Wang Qianru for many helpful comments on this working paper.

¹ 《中国土地改革史料选编》，北京：国防大学出版社，1988年12月第1版。

“Zhong Guo Tu Di Gai Ge Shi Liao Xuan Bian”, (Beijing: Guo Fang Da Xue Chu Ban She, 1988.12).

² 蒋宝麟：《公款公产与清末兴学》，《社会科学研究》2021年4月，第148页-第163页。Jiang Baolin, “Gong Kuan Gong Chan Yu Qing Mo Xing Xue”, *She Hui Ke Xue Yan Jiu*, 2021(04), pp.148-163.

³ 李金碧：《阎锡山治理下的山西乡村教育研究（1917-1937）》，山西大学博士论文2017年第5期。Li Jinbi, “Yan Xi Shan Zhi Li Xia De Shan Xi Xiang Cun Jiao Yu Yan Jiu(1917-1937)”, *Shan Xi Da Xue Bo Shi Lun Wen*, 2017(05).

⁴ 张显吉：《中国教育投资问题研究》，吉林大学博士论文2005年第6期。Zhang Xianji, “Zhong Guo Jiao Yu Tou Zi Wen Ti Yan Jiu”, *Ji Lin Da Xue Bo Shi Lun Wen*, 2005(06).

⁵ The Hainan Six are Panshiyi, Feng Lun, Wang Gongquan, Wang Qifu, Yi Xiaodi and Liu Jun. Among them, Pan Shiyi, the founder and chairman of SOHO China, was assigned to the economic reform research office of the pipeline bureau of the Ministry of petroleum of Langfang City, Hebei Province after graduating from China Petroleum Pipeline Institute in 1984. In 1988, he resigned and went south to Shenzhen. Wang Gongquan, a former senior partner of IDG capital, served as the enterprise publicity Office of the Publicity Department of the CPC Jilin Provincial Committee after

graduating from the Department of management engineering of Jilin University of technology in 1984. Feng Lun, entrepreneurial director of China Minsheng Bank, graduated from the Central Party School in 1984 and successively served in the Central Party school, the Propaganda Department of the CPC Central Committee, the National Commission for structural reform, the Wuhan Municipal Economic Commission and the Hainan provincial Party committee. Liu Jun, born in a military family, was assigned to the state-owned Guangming equipment factory, which was a national defense confidential unit at that time, after graduating from the engineering management major of Beijing Institute of technology. After graduating from the planning department of Renmin University of China with a master's degree in economics in 1988, Yi Xiaodi went to work for the Hainan Provincial Commission of structural reform. Wang Qifu graduated from Harbin Institute of technology and China University of political science and law

⁶ 《国务院关于进一步积极稳妥地进行城镇住房制度改革的通知》，国发[1991]30号，http://www.gov.cn/zhengce/content/2015-12/20/content_10460.htm。“Guo Wu Yuan Guan Yu Ji Xu Ji Ji Wen Tuo De Jin Xing Cheng Zhen Zhu Fang Zhi Du Gai Ge De Tong Zhi”。

⁷ 《国务院关于进一步深化城镇住房制度改革的决定》，国发[1994]43号，http://www.gov.cn/zhuanti/2015-06/13/content_2878960.htm。“Guo Wu Yuan Guan Yu Shen Hua Cheng Zhen Zhu Fang Zhi Du Gai Ge De Jue Ding”。《国家发改委关于印发〈2021 年新型城镇化和城乡融合发展重点任务〉的通知》，http://www.gov.cn/zhengce/zhengceku/2021-04/13/content_5599332.htm。“Guo Jia Fa Cai Wei Guan Yu Yin Fa <2021 Nian Xin Xing Cheng Zhen Hua He Cheng Xiang Rong

He Fa Zhan Zhong Dian Ren Wu> De Tong Zhi”.

⁸ 《国务院关于加强固定资产投资宏观调控的通知》，1994年1月25日。

<http://www.people.com.cn/item/flfgk/gwyfg/1994/112901199403.html>. 《中华人民共和国国务院公报》（1994年第7号），1994年4月13日，中华人民共和国国务院办公厅编辑出版。

⁹ 《中华人民共和国土地管理法》

<http://www.npc.gov.cn/npc/c30834/201909/d1e6c1a1eec345eba23796c6e8473347.shtml>.

¹⁰ 《国务院关于进一步深化城镇住房制度改革加快住房建设的通知》，国发[1998]23号，https://www.hangzhou.gov.cn/art/2019/7/8/art_1660298_4712.html.

“Guo Wu Yuan Guan Yu Jin Yi Bu Shen Hua Cheng Zhen Zhu Fang Zhi Du Gai Ge Jia Kuai Zhu Fang Jian She De Tong Zhi”.

¹¹ Ibid.

¹² 《1998年劳动和社会保障事业发展年度统计公报》，劳动和社会保障部、国家统计局，

http://www.mohrss.gov.cn/SYrlzyhshbzb/zwgk/szrs/tjgb/200602/t20060207_69891.html. “1998 Nian Lao Dong He She Hui Bao Zhang Shi Ye Fa Zhan Nian Du Tong Ji Gong Bao”.

¹³ 附录1,受访者(11), 冯某。Appendix 1, Interviewees (11), Feng.

¹⁴ Ibid.

¹⁵ Geoffrey Jones and Amanda Yang, Zhang Xin and the Emergence of Chinese Philanthropy,” Harvard Business School Case No 317045, rev. April 2022.

¹⁶ Jones and Yang, Zhang Zin.

¹⁷ 《国务院常务会议部署扩大内需促进经济增长的措施》，
http://www.gov.cn/ldhd/2008-11/09/content_1143689.htm. “Guo Wu Yuan Chang Wu Hui Yi Bu Shu Kuo Da Nei Xu Cu Jing Ji Zeng Zhang De Cuo Shi”. 《发改委：万亿新增中央投资有四大来源》，《中国证券报》，2009年5月22日。“Fa Gai Wei: Wan Yi Xin Zeng Zhong Yang Tou Zi You Si Da Lai Yuan”, *Zhong Guo Zheng Quan Bao*, 2009(05).

¹⁸ 周东旭：《陆铭：中国房地产的下一程》<https://opinion.caixin.com/2021-10-20/101788962.html>. Zhou Dongxu, “Lu Ming: Zhong Guo Fang Di Chan De Xia Yi Cheng”.

¹⁹ 《潘石屹，走过地产“黄金10年”》，《环球人物》2016年2月26日。“Pan Shiyi, Zou Guo Di Chan Huang Jin Shi Nian”, *Huan Qiu Ren Wu*, 2016(02).

²⁰ 附录1，采访者(2)涂。Appendix 2, Interviewees (2), Tu.

²¹ 《央企名录》，<http://www.sasac.gov.cn/n2588035/n2641579/n2641645/index.html>. “Yang Qi Ming Lu”. 《中央企业主业》（第一批至第七批），
<http://www.sasac.gov.cn/n2588035/n2641579/n2641665/index.html>. “Zhong Yang Qi Ye Zhu Ye”. 《中国21家房地产央企名单》，
<https://weibo.com/ttarticle/p/show?id=2309404620217992216678>. “Zhong Guo 21 Jia

Fang Di Chan Yang Qi Ming Dan”. 《国资委敕令 78 家央企退出房地产》, <https://money.163.com/special/002549C2/78yangqi.html>. “Guo Zi Wei Chi Ling 78 Jia Yang Qi Tui Chu Fang Di Chan”.

²² 《潘石屹，走过地产“黄金 10 年”》，《环球人物》2016 年 2 月 26 日。“Pan Shiyi, Zou Guo Di Chan Huang Jin Shi Nian”, *Huan Qiu Ren Wu*, 2016(02).

²³ 徐明：《一日三地王 两会后央企愈凶猛》，财新网，2010 年 3 月 15 日，<https://companies.caixin.com/2010-03-15/100126840.html>. Xu Ming, “Yi Ri San Di Wang Liang Hui Hou Yang Qi Yu Xiong Meng”. 李慎：《中信集团 63 亿元夺北京地王》，2010 年 12 月 22 日，<https://companies.caixin.com/2010-12-22/100209856.html>. Li Shen, “Zhong Xin Ji Tuan 63 Yi Yuan Duo Bei Jing Di Wang”.

²⁴ 附录 1, 受访者 (4), 赵某。Appendix 1, Interviewees (4), Zhao.

²⁵ 贾增华：《深圳引进港资 60 亿发展住宅》，《中国房地信息》1997 年 10 期。Jia Zenghua, “Shen Zhen Yin Jin Gang Zi 60 Yi Fa Zhan Zhu Zhai”, *Zhong Guo Fang Di Xin Xi*, 1997(10). 张宏：《香港地产商投资北移》，《中外房地产导报》2002 年 02 期。Zhang Hong, “Xiang Gang Di Chan Shang Tou Zi Bei Yi”, *Zhong Wai Di Chan Dao Bao*, 2002(02). 林华：《在内地增持土地，加速开发和推盘——港资地产商意欲何为》，《中国地产市场》，2009 年 09 期。Lin Hua, “Zai Nei Di Zeng Chi Tu Di, Jia Su Kai Fa He Tui Pan——Gang Zi Di Chan Shang Yi Yu He Wei”, *Zhong Guo Di Chan Shi Chang*, 2009(09). 张宏伟：《从李嘉诚撤资谈港资房企内地楼市布局

27

策略的变化》，《住宅与房地产》2015年21期。Zhang Hongwei, “Cong Li Jiacheng Che Zi Tan Gang Zi Fang Qi Nei Di Lou Shi Bu Ju Ce Lue Xin Bian Hua”, *Zhu Zhai Yu Fang Di Chan*, 2015(21).

²⁶ 附录1,受访者(6), 王某。Appendix 1, Interviewees (6), Wang.

²⁷ 附录1,受访者(10), 丁某。Appendix 1, Interviewees (10), Ding.

²⁸ Geoffrey Jones and Yuhai Wu, "The Business of K-12 Education in China." *Harvard Business School Working Paper*, No. 22-022, October 2021.

²⁹ 附录5, 受访者(37), 卢某。Appendix 5, Interviewees (37), Lu.

³⁰ 附录1,受访者(10), 丁某。Appendix 1, Interviewees (10), Ding.

³¹ 附录5, 受访者(17), 夏某。Appendix 5, Interviewees (17), Xia.

³² 附录5, 受访者(17), 夏某。Appendix 5, Interviewees (17), Xia.

³³ 附录5, 受访者(10), 陈某。Appendix 5, Interviewees (10), Chen.

³⁴ 肖翊:《“双减”政策下,“宇宙补课中心”海淀黄庄“人去楼空”》,《中国经济周刊》2021年8月9日, <http://www.ceweekly.cn/2021/0809/355290.shtml>. Xiao Xu, “Shuang Jian Zheng Ce Xia Yu Zhou Bu Ke Zhong Xin Hai Dian Huang Zhuang Ren Qu Lou Kong”.

³⁵ 《潘石屹:人要舒展,但不能太舒服》,《博客天下》,2016年7月14日,

《潘石屹的人生下半场:当传奇结束,谁能永生?》,

<https://classic.sohochina.com/news-media/43469>. “Pan Shiyi: Ren Yao Shu Zhan, Dan

Bu Neng Tai Shu Fu”, *Bo Ke Tian Xia*, 2016(07). 《中国新闻周刊》, 2016 年 4 月 22 日, <https://classic.sohochina.com/news-media/43470>. “Pan Shiyi De Ren Sheng Xia Ban Chang: Dang Chuan Qi Jie Shu, Shei Neng Yong Sheng?”, *Zhong Guo Xin Wen Zhou Kan*, 2016(753).

³⁶ 附录 5, 受访者 (37), 卢某。Appendix 5, Interviewees (37), Lu.

³⁷ 国家统计局全国财政收入 2020 年 (亿元) , <https://data.stats.gov.cn/easyquery.htm?cn=C01>. Guo Jia Tong Ji Ju Quan Guo Cai Zhen Shou Ru 2020 Nian.

³⁸ 附录 5, 受访者 (10), 陈某。Appendix 5, Interviewees (10), Chen.

³⁹ 附录 5, 受访者 (17), 夏某。Appendix 5, Interviewees (17), Xia. 附录 5, 受访者 (2), 李某。Appendix 5, Interviewees (2), Li.

⁴⁰ 附录 5, 受访者 (17), 夏某。Appendix 5, Interviewees (17), Xia.

⁴¹ 附录 5, 受访者 (42), 刘某。Appendix 5, Interviewees (42), Liu.

⁴² 附录 5, 受访者 (10), 陈某。Appendix 5, Interviewees (10), Chen.

⁴³ 附录 5, 受访者 (5), 张某。Appendix 5, Interviewees (5), Zhang.

⁴⁴ 附录 5, 受访者 (43), 彭某。Appendix 5, Interviewees (43), Peng.

⁴⁵ 徐菁菁: 《“鸡娃”家长群: 焦虑中产的教育争夺战》, 《三联生活周刊》, <https://mp.weixin.qq.com/s/wADHQUFk4UlpDzUtWmSqMw>. Xu Jingjing, “Ji Wa Jia

Zhang Qun: Jiao Lv Zhong Chan De Jiao Yu Zheng Duo Zhan”.

⁴⁶ 杜珂：《韦钰：创新人才培养何难？》，财新网，2010年7月3日，
<https://economy.caixin.com/2010-07-03/100157897.html>. Du Ke, “Wei Yu: Chuang
Xin Ren Cai Pei Yang He Nan?”.

⁴⁷ 《新中产跨省补习：不怕学不起，只怕学不到》，
<https://mp.weixin.qq.com/s/LXYezm9Htkkortn8md9DlQ>. “Xin Zhong Chan Kua
Sheng Bu Xi: Bu Pa Xue Bu Qi, Zhi Pa Xue Bu Dao”.

⁴⁸ 《闻风：中关村三小面试题以及经验分享》，
https://ysx.eol.cn/rxcs/ceshiti/201103/t20110302_582966.html. “Wen Feng: Zhong
Guan Cun San Xiao Mian Shi Ti Yi Ji Jing Yan Fen Xiang”. 《中关村三小毕业典礼
被狂“酸”的背后，是一条残酷的帝都名校鄙视链》，
<https://mp.weixin.qq.com/s/dySD8oexW4-RiMXzpWS1Ug>. “Zhong Guan Cun San
Xiao Bi Ye Dian Li Bei Kuang Suan De Bei Hou, Shi Yi Tiao Can Ku De Di Du Bi Shi
Lian”.

⁴⁹ 附录5，受访者(39),G某。Appendix 5, Interviewees (39), G.

⁵⁰ 《2021年中国人口数据公布，生育率已低于日本》，
<https://c.m.163.com/news/a/GTV0NK4I0539BX8Z.html>. “2021 Nian Zhong Guo Ren
Kou Shu Ju Gong Bu, Sheng Yu Lv Yi Di Yu Ri Ben”.

⁵¹ 《第七次全国人口普查公报》，http://www.gov.cn/guoqing/2021-05/13/content_5606149.htm. “Di Qi Ci Quan Guo Ren Kou Pu Cha Gong Bao”. 《第

七 次 全 国 人 口 普 查 主 要 数 据 情 况 》 ,

http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html. “Di Qi Ci Quan Guo Ren Kou Pu Cha Zhu Yao Shu Ju Qing Kuang”.

⁵² 《中共中央 国务院关于优化生育政策促进人口长期均衡发展的决定》 , http://www.gov.cn/zhengce/2021-07/20/content_5626190.htm. “Zhong Gong Zhong Yang Guo Wu Yuan Guan Yu You Hua Sheng Yu Zheng Ce Cu Jin Ren Kou Chang Qi Jun Heng Fa Zhan De Jue Ding”.

⁵³ 《呼吁党员生三胎文章引争议后被删》 , 《联合早报》 , 2021 年 12 月 10 日 , <https://www.kzaobao.com/shiju/20211210/106217.html>. “Hu Yu Dang Yuan Sheng San Tai Wen Zhang Yin Zheng Yi Hou Bei Shan”, *Lian He Zao Bao*, 2021(12).

⁵⁴ 《新华社谈“躺平族”：“未富先躺”须警惕》 , <https://finance.sina.com.cn/jjxw/2021-05-25/doc-ikmxzfm4475130.shtml>. “Xin Hua She Tan Tang Ping Zu: Wei Fu Xian Tang Xu Jing Ti”.

⁵⁵ Sun Yu and Tom Mitchell, “China’s education crackdown causes crisis for parents,” *Financial Times*, July 31, 2021.

⁵⁶ Li Yuan, “Reversing Gears’: China Increasingly Rejects English, and the World,” *New York Times*, September 9, 2021.