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Schwerpunktredaktion: Margarita Langthaler
Pia Lichtblau

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RUI YANG

**The Commodification of Education and Its Effects on
Developing Countries: A Focus on China**

1. Introduction

The commodification of education seems to be the order of the day. In most English-speaking countries, in many parts of Europe, in Latin America and Southeast Asia, the free market philosophy has entered the educational sphere in a big way. Market relevance is becoming the key orientating criterion for the selection of discourses, their relation to each other, their forms and their research (Bernstein 1996). Privatisation is increasingly seen as the solution to the problems and failings of public education. Within current policy discourse, the disciplines of competition and profit are taken to provide an effective and efficient alternative to bureau-professional regimes of deliberation and procedure, which have organised and delivered public education in most developed and developing countries over the last 50-100 years. "The private" is idealised and romanticised, while the bureau-professional regime of public welfare provision is consistently and unthinkingly demonised (Ball 2005).

This movement has profound implications, from primary schools to universities. Its impact is particularly damaging to education in countries with a substantial population of poor people. Evidence for this can be found everywhere in China. Tragic stories often make headlines in the press regarding the despair of working parents that they can never afford to pay their child's education fees. Such situations are far from unique in China, where a rapid transition is undergoing from free education to a fee-based system. The transition takes a heavy toll on China's poor families, of whom many see education as their only way out of poverty.

China's situation demonstrates how serious these issues are and their detrimental social effects especially in developing countries due to the strikingly different social cultural traditions from those of developed nations and the lack of relevant infrastructure required by the commodification of education to operate appropriately. In the following article, the focus will be on the current status in China to explore the processes of commodification. Since it is now ranging worldwide and infiltrates every aspect of education, our critical narrative and analysis of the Chinese experience will shed light on a better understanding of the general situation in the developing world.

2. The concept of commodification

The term commodification originates from Marx's notion of commodity fetishism. Marx viewed commodity fetishism as the simplest and most universal example of the way in which the economic forms of capital concealed underlying social relations. The concept "discusses social relations conducted as and in the form of relations between commodities or things" (Bottomore et al. 1991: 87). This "fantastic form of the relation between things" (Marx 1952: 31) transforms human properties, relations and actions, into things independent of persons and governing their lives. In fetishising commodities, we are denying the primacy of human relationships in the production of value (Slater/Tonkiss 2001). The process of commodification generates a different organisation of the social where corporations are the typical form of organisation and commodities and services the form of relationship.

Commodification is generally used to describe how consumer culture becomes embedded in daily lives through an array of subtle process (Gottdiener 2000). Its effects within the public services are ineluctable. The useful trope of commodification can be easily overstretched and promiscuously applied and thus lose its bite and power (Ball 2005). We are seeing a profound change in the underlying set of rules governing the production of discourses and the conditions of knowledge, a general transformation in the nature of social relations – based on the removal of many of the key boundaries which have underpinned modernist thought and a concomitant collapse of moral spheres and a total subordination of moral obligations to economic ones

(Walzer 1984), a “dislocation” in Bernstein’s words (Bernstein 1996: 88). The questions have shifted from “is it true?” or “is it just?” to “is it saleable?” and “is it efficient?” (Lyotard 1984: 52)

The phenomenon of commodification is thus not essentially different from other closely related ones including commercialisation, privatisation, corporatisation and marketisation. They share the belief in market ideologies, the attempt to introduce the language, logic, and principles of private market exchange into public institutions, and the increasing control of corporate culture over every aspect of life as a result of the rising trend of neo-liberal globalisation that has ushered great changes in social affairs particularly over the past two decades. “Capital is in command of the world order as never before.” (McLaren 2005: 27)

It is economism that defines the purpose and potential of education. This is to make public schools/universities into value/commodity producing enterprises, what Rikowski refers to as “capitalisation” (Rikowski 2003). They “become institutionally rearranged on a model of capitalist accumulation” (Shumar 1997: 31). This includes both exogenous and endogenous privatisation respectively referring to the bringing in of private providers to deliver public services and the re-working of existing public sector delivery into forms which mimic the private and have similar consequences in terms of practices, values and identities (Hatcher 2000).

Commodification happens at administrative and instrumental levels. The administrative level requires running the institute like an enterprise, focusing on budgetary cost-effect, seeking resources, product evaluation and corresponding adjustment, new hiring policy and new relationship between teachers and students. The instrumental level treats the whole process of teaching and learning as cost-effect driven, focusing on learning/teaching as a necessary step for producing a product, re-adjusting the purposes of learning and teaching, depersonalisation in the whole process of learning/teaching, and utility-oriented curricular objectives.

There are three components here: a preoccupation with economic policy and objectives, with education seen as a branch of economic policy rather than a mix of social, economic and cultural policy; the economic content of public policy based on market liberalism; and operational control of ministers over education with emphasis on managerial efficiency at the expense of public service. Such economic rationalism has deep roots in Western

thought, in particular in the English liberalism of Thomas Hobbes and John Locke in the 17th century and in Adam Smith's concept of the "invisible hand" of the market in the 18th century. It also has some roots in the Cartesian "separation of the ultimate requirements of truth-seeking from the practical affairs of everyday life" (Lloyd 1984: 49), which has resulted in the commodification of knowledge serving the instrumental ends of the globalised knowledge economy.

The intensified injection of market principles into educational institutions also has much to do with human capital theory. Nobel Laureates Theodore Schultz (1961) and Gary Becker (1964) propounded the new economics of education. According to them, all investments in education, be they private or public, are guided by profitability. It is the profit motive exhibited in the concern for the 'rate of return' to the money spent on education that is the main factor behind one's investment decisions in education. The private investments are based on the private 'rates of return' calculated by counting the private costs and gains that are expected as the result of acquiring one kind of education rather than another. The objective of education is the same, be it for individual or for society as a whole, to get the best economic value for the money and effort spent.

3. Current debates in China

After being closed to international intercourse for decades, China abandoned its planned system and adopted a policy of opening to the outside world at the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China held in December 1978. Since then, Western ideas and theories have flooded into China. With a fresh memory of the rigid static options, the Chinese have been particularly keen on market ideologies, lacking a comprehensive, systematic study of them. Education policy, management and governance are pressured to improve service delivery and better governance (Kaufmann et al. 2005). Chinese schools and universities relied entirely on government funding, and their management was highly centralised by the state. Now they have been pushed by

the government to change their governance paradigm to adopt a doctrine of monetarism characterised by freedom and markets replacing Keynesianism (Apple 2000). Revitalising the engagement in education of non-state sectors, including the market, the community, the third sector and civil society has been promoted by the government (Meyer/Boyd 2001). Commodification of educational institutions becomes an instrument of economic and social policy.

It is now politically correct in China to advocate market-driven reform in education. The phenomenon of commodification of education is phrased as “*jiaoyu chanyehua*” (Wang 2005), literally meaning the industrialisation of education. Problems in this respect are a hot topic. While China’s Ministry of Education has repeatedly denied publicly that it supports this policy, a recently retired former vice-minister acknowledges that many areas hold the view that education should be commercialised, and have sold good public schools to private citizens in the name of economic reforms.

There lacks a consensus among Chinese policy elites about what “industrialisation of education” means. The dominant view underlying China’s policy-making and, in particular, implementation is that it respects “natural laws of a market economy” including business-style management, market-oriented operations, and commercially viable products (Luo/Ye 2005). Such a view is particularly favoured by Chinese mainstream economists, who argue that it is a correct way to run education as an industry in order to lead China’s education onto a right path because issues involving supply and demand must be handled according to market rules, and education is no exception. They stress educational development as an effective way to stimulate consumption and investment (Lao 2003), and education is a new stimulus for economic growth in the 21st century (Xiao, 1999). User-pays education should be encouraged to stimulate economic growth (Mao, 1999).

Meanwhile, critical voices are becoming louder in China, echoing what has been found elsewhere (Molnar 1996; Froese-Germain 2000). They criticise the economists and business people for energetically advocating the “money-for-knowledge” deal with the wrong emphasis on transforming schools into cash machines through introducing commercial operations.

According to them, the issue of the massive cost of education should never be used to justify the commercialisation of education. They reiterate the detrimental effects of commercialisation of education in China's long-term cultural and scientific development (Ji 2006).

The debates are ongoing and have been much publicised. Although the Ministry of Education has repeatedly expressed its opposition to commercialisation of education, the government's "groping for stones to cross the river" in its educational policy-making has demonstrated that China's education reforms within recent two decades have always been along the market line (Ross/Lou 2005).

4. Policy arrangements along the market line

China's educational reforms are aligned with those in economic sector. Despite the fact that China's first comprehensive educational reform policy was launched officially in 1985, reformative actions started as early as 1978. Building up close links between education and the market has been the most prominent orientation, together with decentralisation in finance and management in the reform of education.

Under the planned economy from the late 1940s to the late 1970s, strict manpower planning eliminated market elements in the labour structure. China's profound social economic reforms in the past decades have always required education to make corresponding moves to suit the new socio-economic environments. During the three decades of the top-down statist approach, education at all levels was free. Private education did not exist. One major dilemma faced by the highly centralised education system was the huge shortage of funding on the one hand and government allocation as the sole financial resource on the other. Moreover, without the active participation of the wider society, education failed to function effectively, and waste of various sorts in education was substantial. Therefore, for the past two and a half decades, great efforts have been made to introduce the function of the market in education.

The initial breakthrough occurred in 1980 when for the first time vocational schools emerged to cater for employment opportunities - jobs outside of the state plan - in the tertiary sector of the economy. Schools for self-

employment proliferated afterwards. The impact of the market was most evident in higher education, when universities and colleges offered contract training in exchange for fees, market-oriented experiment endorsed by the Decision on the Reform of the Educational Structure issued by the Chinese Communist Party Central Committee (CCPCC) in 1985 (hereafter referred to as the 1985 Decision), and became part of the reform. As the market gained more significance in China, especially in the more developed coastal and urban areas, more substantial reform policies were introduced to make structural changes in education. The Programme for Education Reform and Development in China jointly issued by the CCPCC and the State Council in 1993 (hereafter referred to as the 1993 Programme) reaffirmed the 1985 Decision's commitment for central government to refrain from direct control of education. Instead, government was to act as a facilitator. With the phasing out of the planned economy and the diminishing role of the state, the government became increasingly reluctant to continue to subsidise students. Fees started to become a reality.

It did not take very long for Chinese educational institutions to face the market on all fronts. By 2002, only 49 % of higher education funding came from governments, 27 % was tuition fees. Formalised into Article 53 of the Education Law in 1995, this reform has had pronounced effects on the equity of educational expenditures. China's paltry educational spending (in proportion to its GDP) is distributed very unevenly especially between rural and urban areas. The highest provisional primary educational expenditures per student in Shanghai are now 10 times greater than the lowest. The ratio has roughly doubled in the past decade (Tsang 2002), resulting in further losses of educational opportunities among the disadvantaged groups. The market-oriented measures only allow the fittest to excel, and further widen regional disparities, leaving the poor especially those in the inland and the remote rural regions in difficulties (Yang 2004).

The "industrialisation of education" is an aspect of China's market-oriented reforms, reflecting radicalism in a far-from-sophisticated market. China's education policies are produced by economists to "meet the needs of a socialist economy". In 1992, the Decision on the Development of the Tertiary Industry issued by the CCPCC stated clearly that education was part of tertiary industry and those who invested in it would own and benefit from it. The CCPCC and the State Council raised the idea of education

as a stimulus for economic growth in their Decision on Further Educational Reform to Promote Quality Education in 1999. Private investment on education was encouraged and the first auction of a public school took place in Zhejiang. The successful bidder was to invest in the private school to attract children whose parents were rich enough to pay high fees. The Decision on Reform and Development of Basic Education in 2001 and the Decision on Further Reform of Basic Education in Rural Areas in 2002 provided the basis for ownership transfer from public to private. By December 2002, the “industrialisation of education” had been fully legitimated in China, a country that still claims to be socialist society.

Specifically, two policy developments have contributed directly to the institutionalisation of the educational industry in China. The first is the establishment of the higher education tuition fee policy, as part of commodification of education in China when it first embraced human capital theory to acknowledge the economic value of education, with an understanding of education from a public good to a private one that can be purchased on the basis of the buyer’s perceived need and financial capacity. Tuition fees increased dramatically from 4.34 % of the cost of a course in 1992 (around 600 yuan) to 12.12 % (around 3,000) in 1993 and 25 % in 1998 (Zhang 1998: 246). Public universities charged 4,000 yuan in 1999, while the average incomes of each peasant and urban resident in the east region were respectively 3,344.6 and 9,125.92 yuan, and 1,604.1 and 4472.91 yuan respectively in the west. The charges accelerated to about 6,000 yuan in 2005. Some private institutions and the for-profit campuses affiliated to public universities charged well above 10,000 yuan. However, the targeted diversification of education funding in China’s policy discourse has never materialised.

The second policy development in regard to “industrialisation of education” is the organisational change in educational production. The changed understanding of education has led to a growing exchange of education commodities, which has direct impact on the organisation of educational production. Since the 1980s, the organisational changes of Chinese educational institutions have taken various forms. The first is derivation. A new part committed to market operation has emerged, that is, the profit-making branches of public institutions, supported by government funding yet operating as private business. The second is function differentiation. The existing organisation allows part of itself to operate based on state framework

while the other part on market principles. The third is change of ownership. Some public educational institutions are turning into private, with corresponding changes in their organisational cultures. The fourth refers to new organisations, which constitute the education industry aiming at profit and operating as business.

5. The social effects of commodification and Chinese government's inaction

The dramatic trend towards commercialisation of education in China mainly materialises itself in mushrooming for-profit educational institutions from primary schools to universities. As commercialisation of education is an initiative of the Chinese government, education fees are a logical consequence of state policies. Schools fees are justified as a way to achieve “cost recovery” which is supposed to contribute to the reduction of the government's burden in financing education, by way of school choice fees, sponsorship fees, uniform fees, and course material fees, to name but a few. Fees have skyrocketed in recent years as the result of commercial operations introduced by an increasing number of schools and universities (Yang 2004).

Consequently education has become the most profitable industry in China, second only to real estate (Zhang, 2004). This has led to corruption. Education is now among those industries with ancillary fees and illegal profiting. In 2001, Liaoning investigated fee collection activities in 85 secondary schools and ferreted out 130 million yuan unauthorised and excessive fees. In 2002, Shanghai audited 150 schools in 2002 and found 72.4 million yuan fees were illegal. In 2003, audits of nearly 3,000 primary and 1500 secondary schools in Jiangxi found 125 cases of illegally collected fees worth 2 million U.S. dollars. Nationwide, the government uncovered over 20 million U.S. dollar's worth of illegally collected school fees. In 2004, authorities disciplined 2,488 people in the educational field, and dismissed 359 school principals.

Illegal charges go even further in higher education. The national government audited 18 institutions in 2003 and found 868 million yuan was illegal, which was 14.5 % of all their charges and a 32 % increase over 2002

(Luo/Ye 2005). In order to generate income, many universities have recently been resorting to developing “university towns”, where there is a concentration of branch campuses of public universities to operate as private business. These towns are located in many parts of China, mainly in the wealthier areas. In 2004, 249 university branch campuses were established, with an intake of 680,000 students. Many of the “university towns” have financial irregularities. The Oriental University City in Langfang, Hebei, for example, owed a scandalous 2.2 billion yuan in debt.

Illegitimate education-related fees are rife, undisguised, and justified by the belief that education undertakings can be commercialised to pursue the biggest profits. Rampant illegal fee collection in education is both profiteering and an abuse of public power. Availability of education at all levels does not mean accessibility for many poor youngsters if they and their families do not have the capacity to pay in the first place. The most detrimental effects of illegal profits fall upon the 300 million schoolchildren and their families. Many parents are forced to tolerate education profiteering due to their strong desire to see their child get ahead in life. They cut back on food and clothing and spend much of their household income on their child’s education. In rural areas the ratio is much higher. This enormous burden redirects a large chunk of their family income into education costs, a large portion of which does not fund education but instead enriches corrupt officials (DongpingYang 2004). As many families find it hard to save, their children’s “free and compulsory” state-provided compulsory education is under threat.

Many of those involved in illegal charges justify their actions by quoting the “market principle,” arguing that their school prices should conform to the market, and claim that “beneficiaries must invest in their own education.” As a direct result from the increase of education costs and illegal charges, disparities in educational inequality is widening between social classes and urban-rural communities. Inequalities in educational opportunities are epitomised in the gap between enrolment and admission rates at various stages of schooling. The gap widens as levels of education reach higher, taking the shape of an inverted pyramid. By 1986 when the Law of Compulsory Education was passed, primary and junior secondary education (the compulsory period in China) had already been universalised in urban areas. In contrast, compulsory education had not been universalised in 10 % of rural areas by 2000. The admission rate to senior secondary schools increased

from 40 % in 1985 to 55.4 % in 1999 in urban areas, while decreased from 22.3 to 18.6 % during the same period in rural areas (Yang 2006b).

In higher education, the urban-rural inequalities are even more pronounced. A large-scale study undertaken jointly by the World Bank and the Chinese Ministry of Education in April 1998 showed that on average the difference of educational opportunities between urban and rural areas was 5.8 times nationwide, with 8.8 and 3.4 times respectively in national and provincial universities. The disparities became more striking from 1994 to 1997. There is an inverted pyramid shape of the disparities among different social strata in Chinese higher education: the more prestigious the institutions are the lower percentage of the rural students is. Children from family backgrounds of factory workers and professionals/civil servants were respectively 5, 25 and 37 times more likely to receive higher education at average institutions in 1980 than their peers from countryside. Overall, the opportunity ratios for peasants to send their children to ordinary Chinese higher education institutions in comparison to workers, civil servants, businesspeople and professionals were 1:2.5:17.8:12.8:9.4. The ratios turn into 1:4:31.7:22.6:17.4 for the first-tier national ones. Generally, rural children are 5.6 times less likely to be able to receive higher education than their urban counterparts (Zhang/Liu 2005).

The profiteering also shakes the foundation of China's education and deprives many children of their right to education. It challenges some long-standing Chinese traditions of education, including student-teacher relationship, educational purposes, and attitudes towards knowledge. Education was highly valued in the Confucian tradition. The fundamental purpose of education is to cultivate students' moral character and teaching is more than a job, indeed seen as something of a calling (Gao 1999). Such a perception has been seriously undermined by the ongoing commodification of education. Since commodification of education adds a financial element to the qualifications of attending private schools and public and private universities, it also pertains directly to the role money plays in getting into education in the first place, which blocks opportunities for many aspiring poor to start with.

Here it is important to point out the Chinese government's inaction. The Chinese state has always been strong in education, even against a backdrop of rhetorical decentralisation and devolution for years (Yang 2004). As policy can also be defined as what governments choose not to do (Hodgwood and Gunn 1984), the state's inaction shows its role in promoting the commodification of education, in view of the dramatic current situation. For years, government expenditure on education has fluctuated between 2-3.5 % of GDP (UNDP 2005), a far cry from what has been recommended by the UNESCO, and lower than the 4 % promised by the government in its 1993 Program. The percentage plateaued at around 2 % during the 1990s when commercialisation of education was like a ranging fire, reflecting the government's tacit consent to it. As a result of the reallocation of educational resources based on a principle of financial capacity to pay fees, China's public education contributes to social divides, instead of promoting equity and equality.

6. Concluding remarks

The commodification of education is not simply a technical change in the management of the delivery of educational services. It involves changes in the meaning and experience of education, what it means to be a teacher and a learner. It changes who we are, our relation to what we do, and the framework of possibilities within which we act. It is thus a process of social transformation, a change that is part of a more general set of movements in the terrain of the social (Ball 2005). With the emphasis on the lucrative nature of the education business, its effect is detrimental.

The present situation shows that education is an area ripe for financial profit. The extent of commercialisation is growing fast not only in China but also in many other parts of the world. In Australia, for example, it is so well advanced and rapidly destroying Australia's reputation as a credible place to learn that Currie calls for government action to place limits on its degree to protect certain essential education values (Currie 2005).

Like in China, the educational sector has been more commonly described as an industry in India. The economic reforms have resulted in freezing the public funds to many institutions and in stagnating the expenditure on

education. Corporatisation has transformed the education sector into an enterprise for profits. The tradition of academic freedom is under pressure from private interests (Quinn 2004).

In Malaysia, the oldest university was corporatised in 1998, followed by all eight public universities (Lee 1998). Corporatised universities are allowed to borrow money, enter into business ventures, set up companies, acquire and hold investment shares, and raise funds through a variety of revenue-generating activities including raising tuition fees and renting out facilities. The penetration of corporate culture into the university generates great anxiety among academics.

China's practice demonstrates the crucial importance of context in international policy transfer. What is good for the goose is not necessarily good for the gander (Salerno 2006). Developing countries will benefit from the prevailing neoliberal form of globalisation only if they possess what most of them manifestly lack – sound institutions. Without the necessary support of institutional infrastructure and socio-cultural traditions, the commodification of education affects them even more seriously. Poor people within these countries have been particularly disadvantaged due to the combination of the shortage of democracy and widespread corruption in these societies.

The case of China also shows the lack of a focus on the local policy context (Steiner-Khamsi 2005) and a policy agenda steered by the global/West, linking closely to the fact that indigenous knowledge in developing countries and the imported Western knowledge have never been on an equal footing. This raises the question of what counts as 'scholarship' (Yang 2006a), and reminds us that real/proper knowledge is only produced by some particular countries in a particular way (Appadurai 2001). With absorption of Western knowledge as the pressing matter of the moment, policy makers and researchers in developing countries are taking on the Western rather than negotiating it in relation to their own local customs and tradition.

Therefore, the commodification of education affects poorer countries much more. For example, The Breton Woods institutions have always included in their advice package to Nigeria the need to reduce government overheads by making Nigerians pay for their education. They suggest that the introduction of market forces into education will raise the performance of the education system. The premise, however, has been based on faith rather

than hard facts. After a decade of school reform initiatives informed by the faith, increasing empirical studies suggest those policies have a stratifying effect, by social class and by ethnicity, even when they are explicitly designed to remedy inequality (Fuller et al. 1996; Whitty et al. 1998).

Public education is a public good. It is one of the principle means available to foster a deeper and more harmonious form of human development and thereby to reduce poverty, exclusion, ignorance, oppression and war (Delors 1996). As a public good and a contribution to the development of a just society, education is important to all. We urge fellow educators, prospective teachers, and concerned citizens to unite and resist the aggressive invasion of corporate culture, market principles, and commercial values in education. There are a number of challenges we must face successfully if we are to maintain the notion of education as a fundamental good that benefits all in a civilised society. Otherwise, just development will remain a fond dream forever especially for developing countries.

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Abstracts

Die Kommodifizierung von Bildung ist eine der Entwicklungen, die zurzeit im Bereich des Sozialen stattfinden. Es handelt sich nicht nur um eine technische Veränderung der Art und Weise, wie Bildung bereitgestellt wird, sondern um soziale und kulturelle Veränderungen, die das Wesen sowie die Bedeutung von Bildung insgesamt betreffen. Hintergrund dieser Entwicklungen ist die rasche Expansion kapitalistischer Prinzipien, die zunehmend alle Sektoren und Bereiche weltweit durchdringen. In diesem Zusammenhang wird Privatisierung als Lösung für die Probleme des öffentlichen Bildungssystems angesehen. Bildung wird zur Ware. Durch die Fetischisierung von Waren geraten die menschlichen Beziehungen in der Warenproduktion ins Hintertreffen. Werte verlieren an Bedeutung, was zählt ist quantifizierbare Leistung. Von Chinas Erfahrungen ausgehend, untersucht der vorliegende Artikel den Prozess der Kommodifizierung von Bildung. Er stellt fest, dass die Form der Bildungsbereitstellung, die Werte und soziale Beziehungen durch quantifizierbare Leistungen ersetzt, der gesellschaftlichen Entwicklung in den Ländern des Südens abträglich ist.

The commodification of education is a process within a general set of contemporary movements in the terrain of the social. In terms of policy discourse, this is not simply a technical change in the modes of delivery of education but a social and cultural change in what education is, what it means, and what it means to be educated. Within such a policy context, the fundamental principle of capitalism is expanding rapidly and sectorally across many parts of the world. Privatisation is seen as the solution to the problems and failings of public education. Education is treated as a commodity. By fetishising commodities, the primacy of human relationships in the production of value is denied. Beliefs and values are no longer important. It is output that counts. Using China's experience as an example, this article interrogates the process of commodification of education. It argues

that the management of the delivery of educational services that displaces beliefs and values is particularly detrimental to social development in developing countries.

Rui Yang
 Monash University
 Faculty of Education
 Wellington Road
 Clayton, Victoria 3800
 Australia
 rui.yang@education.monash.edu.au

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