

Police suppress protest over schools in debt-ridden Chinese city

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Chinese police made multiple arrests to curb a protest in Leiyang, a large city in Hunan province in southern China, during the first weekend of September. The immediate reason for the protest was a local government decision to cut costs in government-funded schools by relocating all fifth and sixth grade students to private schools.

The parents had already petitioned the authorities in an open letter to reverse the decision without success. On September 1, some parents demonstrated at their schools in central Leiyang, blocked a national highway and then protested outside the Leiyang government offices. Police stepped in and arrested five people.

Later that day another protest erupted outside the city's public security bureau headquarters to demand the release of the five detainees. Ten more protesters were arrested which only escalated the confrontation as over 600 people gathered outside the police headquarters.

Angry protesters threw water bottles, bricks, fireworks and petrol bottles at government officials and police officers. By Sunday morning, the police had broken up the protest and arrested 46 more. Amid continuing anger over the arrests, the police later released 41 people.

The proposed change affected nearly 10,000 pupils who were due to start the new school year after the weekend. They were forced to transfer to a private school which is remote, more expensive and is suspected of formaldehyde pollution. The protesting parents displayed banners declaring "I want to attend public school" and "Boycott private schools."

Even after the forced relocation of students to private schools, the public schools remain under-resourced and overcrowded. The Leiyang administration anticipates that the number of students in each class room will

remain at 66, almost three times the standard class size.

Even after the protests dissipated, the authorities blocked news of the parents' demands. A summary of the complaints published on WeChat, a popular Chinese messaging platform, was quickly taken down with a notice posted that it was in violation of rules.

The protests were not just the outcome of forcing thousands of students to switch schools, but reflect the resentment and hostility that has built up as social conditions have declined. Leiyang has been heavily dependent on the coal industry which has been in continuous decline leaving the city's government in a deep financial crisis.

According to the annual revenue statement, in the first five months of this year, Leiyang's government revenues dropped 15.4 percent year-on-year to 807.3 million yuan (\$US118 million). Now the workers and other masses have to bear the burden of the decline of coal industry and the growing debts of city-backed companies.

The local government's attempts to diversify the economy have fallen flat. The *Wall Street Journal* reported: "Newly constructed buildings are struggling to find residents, while across the Lei River on the city's east side, warehouses once packed with coal are empty and black with soot. Rundown shops, empty shacks and unwanted piles of coal dust line a road that once saw busy traffic from trucks transporting coal to and from mines uphill."

Many areas of China have been hit by closures and retrenchments as the central government has restructured the coal and steel industries to wind back capacity and destroy hundreds of thousands of jobs.

By February, the Leiyang government warned about the financial difficulties it faced in providing education, health care and other social services. In May,

government workers went unpaid for more than a week, until emergency funds arrived. Then the government took the drastic step of cutting admissions to public schools, attempting to make parents pay for more expensive and inferior education for their children.

Just prior to the weekend protests, residents complained about a planned new sports complex costing 430 million yuan to be opened for the Hunan Province Youth Games basketball competition later this month. Their anger boiled over in social media in comments saying that the government was spending taxpayers' "blood and sweat money" to build a vanity project, while ignoring basic education.

The protests point to the broader tensions being generated by China's debt crisis. Larry Hu, an economist at Macquarie, Australian based global financial group, told the *Wall Street Journal*: "Debt by local governments totals 46 percent of the size of China's \$12 trillion economy"

Zhang Ming, an economist with the state-run Institute of World Economics and Politics, estimates that "hidden debt" totaled 23.57 trillion yuan at the end of 2017, greater than the 18.58 trillion yuan of local government debt acknowledged in official data.

According to the IMF, the rate of debt growth will accelerate over the next few years. It said China's non-financial sector debt was now expected to reach 290 percent of gross domestic product (GDP) by 2022, compared with 235 percent last year. Previously the IMF estimated that debt would stabilise at around 270 percent of GDP over the next five years.

As the central government seeks to rein in debt and stave off a financial crisis, it will be the working class in more depressed areas such as Leiyang that will be hit hardest. This will inevitably fuel the class struggle. Just last June, large protests by truck drivers erupted in nine Chinese provinces and municipalities against falling wages, high fuel prices and police harassment.

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