

Chapter 12

Cost Sharing in China's Higher Education: Analyses of Major Stakeholders

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12.1 Introduction

China has its distinctive traditions of higher learning. By the end of the eighteenth century, China had perfected one of the world's most durable political systems during the 2000 years of its imperial history and had developed a unique civilization that had deeply influenced the culture of its neighboring countries. Over such a long historical process, there was no institution in Chinese tradition that could be called a university (Yang 2011). The nineteenth century saw the diffusion of the European model of the university throughout much of the world, under conditions of imperialism and colonialism. Since the late nineteenth century, reforms of traditional higher learning institutions were started, and different strands of China's own evolving traditions linked up with various foreign influences (Hayhoe 1996). From 1949, when the Chinese Communist Party came into power, the university continued to go through and struggle with a process of adaptation and indigenization. From 1952, the Chinese higher education system simulated the Soviet model. The past decades have witnessed impressive quantitative and qualitative growth of China's higher education system. Chinese higher education has gradually re-entered into the international community modeled especially on the Anglo-American system.

The altered mode of higher education governance has never been more evident. Since the mid-1990s particularly, China's higher education system has been undergoing many changes. While these reforms have generated additional resources for Chinese higher education institutions, they have changed the landscape of China's higher education dramatically. One such change has been the newly created stakeholders. China's profound social transformations including higher education

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necessarily produce winners and losers.¹ A major focus of China's higher education has thus been attempting to strike a balance between governments (central and local), private sectors, people within higher education institutions, and parents and students as customers, as well as professional associations and organizations. However, claiming that the government unremittingly serves the people, analyses of China's higher education policy by mainstream researchers tend to daringly and even misleadingly take it for granted that consensus always exists between various social groups with competing interests. Very rarely have any studies investigated tensions among these main stakeholders (see for example, Yuan 2001, 2002; Zhang 2002). This chapter attempts to address such a gap in the literature. By doing so, it aims to contribute substantially to a better understanding of China's contemporary higher education policy and its future directions.

While cost sharing is increasingly practiced, the actual sharing among stakeholders varies greatly across national boundaries. With the changed relationships among the society, the market, and universities, stakeholders have penetrated China's traditional monopolistic relationships between the state and public higher education institutions, with the role of external actors becoming far more important during the last few decades in influencing internal affairs of individual higher education institutions. As the proportion of governmental sources for higher education in relation to GDP, especially at the central level, shrinks year by year, the share of students and their families have been increasing significantly. In line with the developmental paths/models in China's various historical periods there have been changes of university governance modes, which have led to changed relationships among stakeholders with different winners and losers created each time. Due to limited space, this chapter focuses only on the three most significant stakeholders in Chinese higher education: governments, students and their families, and the business community (enterprises).

12.2 Stakeholders and Cost Sharing in Higher Education

Stakeholders are generally individuals or entities who stand to gain or lose from the success or failure of a system or an organization (Gross and Godwin 2005). Almost exclusively from a business perspective, the stakeholder theory focuses on the need to pay attention to those who affect or are affected by products or services. Stakeholder analysis creates a framework within which businesses identify, evaluate, and then incorporate these interests into their decision-making processes. Well-structured consideration of expanded interests leads to better planning, new and creative

¹ For instance, the percentage of students in higher education from workers and peasant families increased from 20.5% in 1952 to 55.28% in 1958, and reached 71.2% in 1976 (Ma and Gao 1998). As reported by Chen and Le (2012), students from rural background at Peking University were over 30% in 1972, remained between 15 and 20% in the 1980s, and only occupied slightly over 10% during the 1990s. It is widely acknowledged that China's contemporary higher education contributes to social and educational inequalities (Zhao 2005).

initiatives, and improved resource allocation—all of which promote organizational success and curb failure.

In higher education, stakeholders are individuals or groups involving government, employers, students, academic and administrative staff, institutional managers, prospective students and their parents, and taxpayers who believe that higher education institutions and polices are accountable to them and therefore behave accordingly (Jongbloed et al. 2008). A stakeholder depends on the basis of what is at “stake” and “what counts” (Mitchell et al. 1997, p. 856). While Maassen (2000) suggests stakeholders in higher education mean specific groups of external actors with a direct or indirect interest in higher education, Campbell and Rozsnyai (2002) define them as students, society, and government participating in or benefiting from the provision of higher education.

Cost sharing in higher education refers to a shift in the burden of higher education costs from being borne exclusively or predominantly by government, or taxpayers, to being shared with parents and students. According to Johnstone (1986, 1993, 2002, 2003), three strikingly different causes in their underlying economic, political, and ideological assumptions are behind this shift. The first is the sheer need for “other than governmental revenue,” which stems from the dramatic increase in most countries in both the public and private demand for higher education. The second rationale for tuition and other forms of cost sharing, based less on need or expediency than on principle (however ideologically contested), is the notion of equity: the view that those who benefit should at least share in the costs. A third rationale for cost sharing in higher education is the neoliberal economic notion that tuition brings to higher education, some of the virtues of the market, including the presumption of greater efficiency (the payment of some tuition will make students and families more discerning consumers and the universities more cost-conscious providers) and producer responsiveness (the need to supplement public revenue with tuition, gifts, and grants will make universities more responsive to individual and societal needs.²).

It is important to note that all of the three are contested, and not all policy makers, observers, or stakeholders share the notion that increased cost sharing is correct, necessary, or even “good expediency.” A major plank in the critical opposition to higher educational cost sharing and marketization is the assertion that taxes can be raised, both substantially and progressively if there is just the political will and leadership (Johnstone 2003). Opponents of cost sharing assert doing so would obviate the need for tuition and other forms of cost sharing and avoid the danger of losing enrolments, particularly among the poor, and risking failure in possibly ineffective and expensive financial aid and loan schemes (Colclough and Manor 1991; Buchert and King 1995). As governments increasingly did not or could not provide sufficient revenue for higher education, the tenets of neoliberal economics seemed to be ascendant in most countries at the close of the twentieth century. Many development

² A variation on this theme is that students alleged to be taking more years and/or more courses than are necessary or even useful merely or largely because the courses and sometimes even the living expenses are free of charge.

experts from international organizations, including the World Bank, recommend the supplementation of higher educational revenues by nongovernmental sources—primarily students and family—as one important solution to increasingly underfunded and overcrowded universities especially in less economically developed societies (Johnstone 1993; Woodhall 1992; World Bank 1994; Ziderman and Albrecht 1995).

The beginning of tuition and various sorts of fees are now seen in various countries including Russia (Bain 2001), Vietnam, and India (Asian Development Bank 2012). China is no exception. Since 1978, building up close links between higher education and the market has been a prominent orientation in reforms, together with decentralization in finance and management, and great efforts made to introduce market-based mechanisms. The 1980s saw a turning point in government-university relationships in China. The transformation under the open-door policy from a planned economy (a model imported from the former Soviet Union) to a market economy has led to profound changes in the way China's higher education is governed. With the phasing out of the planned economy and the changing role of the state (Gornitzka and Maassen 2000), the government became increasingly reluctant to continue to subsidize students. China's higher education was free until the late 1980s. In 1989, for the first time, a tuition fee of 200 RMB was charged (Zhang 1998). By the early 2000s, tuition fees became widespread in Chinese higher education as a direct result of reduced government funding and the policies of marketization. For example, tuition fees increased from around 1000 RMB in 1998 to 5000–5500 RMB in 2005 in the region of Beijing (Yan 2006). The proportion of investment from the central government has steadily decreased. The market has stepped into university-government relations, and the central government has become a “market manager” taking the shape of a “trinity” (Dong 2003). The role of the government is shifting from state control to state supervision (Kickert 1995). Within such a scenario, cost sharing has taken a new shape.

12.3 The Social Policy Context of Cost Sharing in Higher Education

The impact of globalization on higher education policies varies across nation-states in terms of their particular economic, political, and cultural contexts (OECD 2009). Higher education policy as a kind of social action needs to be observed within a certain social and historical environment as well as how university reforms are framed within political deliberations, programs, and practices. The transformation of one mode of governance to another is often implemented in an ever-changing and complex historical process. It is therefore necessary to trace current practices to their social and historical roots in order to grasp the essence of paradigm shifts in China's higher education policy during the past decades and to foster a better understanding of the roles of the stakeholders in the higher education arena.

During the previous 63 years of China's so-called socialist construction, its higher education policy had experienced dramatic paradigm shifts in line with the

nation's transformation from a planned to a market economy. When the communist republic was founded in 1949, its new democratic education policy was in principle for the masses, representing the fundamental values of education equity. The Chinese government held tight control over higher education. During this period, higher education was treated as a public good. The paramount principle of education policy was political in nature and effect (Ngok 2007), directly linked with and based on the ideology held by the then Chinese communist party.

As a party that rode to power on a platform of egalitarianism, the communists were ideologically and politically committed to the notion of breaking what had been, throughout Chinese history, the elite classes' monopoly on culture, education, and opportunity (Plafker 2001). Education for the broad masses was the basis for China's policy-making. Differential treatment in terms of access, graduate job allocation, overseas training opportunities, and professional promotions were all based on family class status. Limits were set to stop those from the exploiting and nonlaboring class family background from receiving higher education and upward social mobility. Although the policy was officially terminated in the late 1970s, its legacy—different educational rights for different people—has lasted much longer.

Parallel with the expansion of working people's educational rights, professionals were badly needed for economic development and national defense. China's actual policy was to opt for elite education. National investment concentrated on higher education, whose recipients enjoyed tuition fee waiving, living stipends, and free medical care. The distribution of higher education institutions and the disciplinary structure were heavily imbalanced with particular emphases on major capital cities and science and technology subjects, linking directly to heavy industry and national defense. A number of institutions were selected by the government to invest focally and designated as key-point institutions. There was strict selection at every level within the system to secure the best quality students. The monopoly of educational resources by and the limited financial capacity of the central government determined the unfortunate combination of stress on higher education and weak rural education.

Since 1978, economic construction turned out to be the paramount policy goal of the Chinese government. Seeing education as the essential tool for modernization, its contribution to economic growth was prioritized in the educational policy agenda. "Education serves the economy" became a new principle of policy-making. The role of education in improving the nation's economic competitiveness in regional and global markets was a primary concern. Education became "an organic component and key content of the plans for economic and social development" (Rosen 1997, p. 259). Accordingly, the perception of education as a consumption item spread widely in the higher education sector and more broadly in the Chinese society, paving the way for the government to relinquish its once monopolistic responsibility for higher education. Priority in higher education policy has been shifted from equity to efficiency during the 1990s. Within this process, new winners and losers have been created, often with the former far outnumbered by the latter. The expansion of education beyond compulsory levels in China has aggravated inequality of higher education access especially for those in rural areas (Hannum and Xie 1998). China's higher education has once again become an institution of social stratification.

The transition from a centralized planned system to a market-oriented economy has significant implications for China's education policy. Chinese schools and universities, which once relied entirely on government funding and whose management was highly centralized by the state, have now been pushed by the government to change their governance paradigm to adopt a doctrine of monetarism characterized by freedom and markets replacing Keynesianism. Revitalizing the engagement in education of nonstate sectors, including the market, the community, the third sector, and civil society have all been promoted by the government (Meyer and Boyd 2001). Western concepts are frequently cited to legitimize China's strategy to adopt decentralization to make use of market forces in the educational arena. China attempts to encourage more nongovernmental factors (termed as "social forces" in China, such as religious groups, business, and foundations) to provide educational services. Meanwhile, due to social and financial benefits, the initiatives and enthusiasm of universities and local governments have been enhanced, and the scale of higher education has expanded rapidly within a relatively short period of time. By utilizing both market-based and regulatory interventions, China tries to get the right mix of state, market, and civil society. The government has been driven mainly by pragmatic considerations to make use of market forces and new initiatives from the nonstate sectors to mobilize more educational resources.

Such reforms have had a pronounced effect on the equity of educational expenditures. China's paltry educational spending (in proportion to its GDP) is distributed unevenly especially between rural and urban areas. Inequalities in educational opportunities are epitomized in the gap between enrolment and admission rates at various stages of schooling. The gap widens at higher levels of education (Yang 2006). On average the difference in 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 (Yang 2008). Similar to the situation in many other countries, 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 the percentage of rural students. The chances for peasants to send their children even to mediocre Chinese higher education institutions in comparison to workers, civil servants, businesspeople, and professionals were remarkably lower. This becomes much more the case for the opportunities to send their children to national first-tier institutions. Rural children are 5.6 times less likely to be able to access higher education than their urban counterparts (Zhang and Liu 2005).

12.4 Major Stakeholders in Higher Education

12.4.1 The Government

With the implementation of a market economy, the Chinese government increasingly legitimizes its policy to withdraw from much of its previous financial commitments to higher education. Accordingly, the proportion of higher education funds

Proportion of Government Appropriation in Higher Education Funds (%)

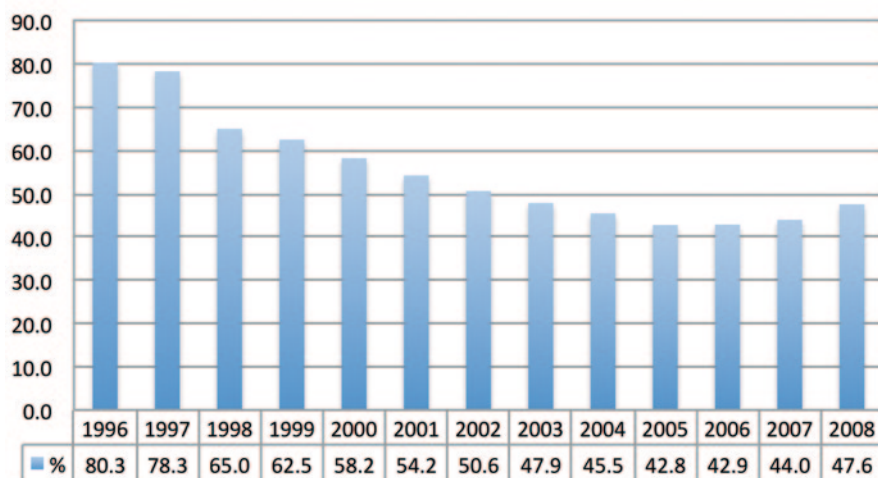


Fig. 12.1 Proportion of government appropriation in higher education funds (percentage). (Source: Dong and Wan 2012)

from government appropriations has been decreasing significantly and continuously while the proportion of tuition and fees has been increasing remarkably. By 2002, for instance, higher education funding from government only accounted slightly more than half, while 26.3% was tuition and fees. As shown in Fig. 12.1, the past one and a half decades have witnessed the proportion of government appropriation for higher education declining gradually to less than 50%, and the contribution of tuition and fees accounting to total higher education funding has increased substantially, reaching a peak of 33.7% in 2008.

During the past one and a half decades, China moved dramatically to mass higher education (Yang 2004). In 1978, China had 583 regular higher education institutions with an enrolment of 2.28 million students at all levels. These numbers changed to 2263 and 26.97 million respectively in 2008. China's gross higher education enrolment rate was 3.4 in 1990, 15% in 2002, and 23.2 in 2008. The numbers in higher education are now the highest in the world. This was achieved under circumstances of a continuing shortage of governmental commitment toward financing higher education. China's per student fiscal expenditure on higher education was 9567 RMB in 1996, dropping to 7436 RMB in 2008 (Wang and Jiang 2011). There has been a severe shortage of government funding in most of China's regular higher education institutions.³ China's higher education budget only increased mildly during the 5

³ It is important to point out that the Chinese government has selected a handful of institutions to invest focally. Typical examples are national initiatives such as Projects 211 and 985. The first is a constructive project of nearly 100 universities and disciplines in the twenty first century conducted by the government of China aiming at cultivating high-level talents for national economic

years from 2003 to 2007. At the same time, China's percentage of education expenditure to GDP has been notoriously low, even compared to the average of developing countries, with an average of 3% during 1998–2007 (Zhu and Zuo 2011). Therefore, simply from an economic perspective, one can conclude that the system has been efficient. However, as argued by Snodderly (2013), higher education is without doubt critical to nation building. The modern economy is closely linked to higher education, especially as it becomes more knowledge based. Higher education plays a significant role in building and maintaining a stable society and its good governance. Due to its unique educational and intellectual functions, it is also fundamental to carrying forward a country's cultural heritage and achieving scientific innovation. Such externalities are crucial for a nation (Marginson 2007; UNECSO 1998).

12.4.2 *Students and Their Families*

It is fair to acknowledge that students are the most direct beneficiaries of high education (Woodhall 2007). According to decades of research by Psacharopoulos (1973, 1985, 1994), the rate of returns to investment in higher education at the individual level are very high. This explains at least partially why the demand for higher education in China has remained so huge despite the relatively high tuition and fees. Since the implementation of the higher education cost sharing policy at the end of the 1980s, tuition and fees charged by China's higher education institutions grew 35 times, from 200 RMB in the 1989–1990 academic year to 7000 RMB in 2009. During the same period, average rural per capita net income increased 8.18 times from 630–5153 RMB, and urban per capita disposable income increased 12.38 times from 1387 to 17,174 RMB (Cui 2012).

As shown in Fig. 12.2, the percentage of higher education funding shared by students and their families increased substantially with an average of 24.4% from 1996 to 2003. In 2005, urban per capita disposable income reached 10,493 RMB and rural per capita net income was only 3254.9 RMB (Liu et al. 2009), while the average tuition fee was between 4000 and 6000 RMB per academic year and some popular programs charged over 10,000 RMB. By mid-2005, a rural couple's annual income was not enough to pay one college student's tuition fees (Teng and Zhang 2005).

Recent studies have repeatedly shown that tuition fees charged by China's higher education institutions have already been beyond the means of significant numbers of lower income families (see for example, Chung and Lu 2003). They affect rural families particularly severely, leading directly to the continuing decline of the proportion of rural students in higher education from around 30% in the 1980s to 19.2% by 2004, even though the then rural population accounted for 58.2% of China's total population (Wu 2004).

and social development strategies starting from the mid-1990s. The second is another constructive project, to some extent based on the first, for founding world-class universities in the twenty first century by the Chinese government of China, reflecting a conscious strategy to concentrate resources on a handful of institutions with the greatest potential for success in the international academic marketplace. For those chosen ones, funding is a very different story. This policy has understandably caused much resentment among most institutions.

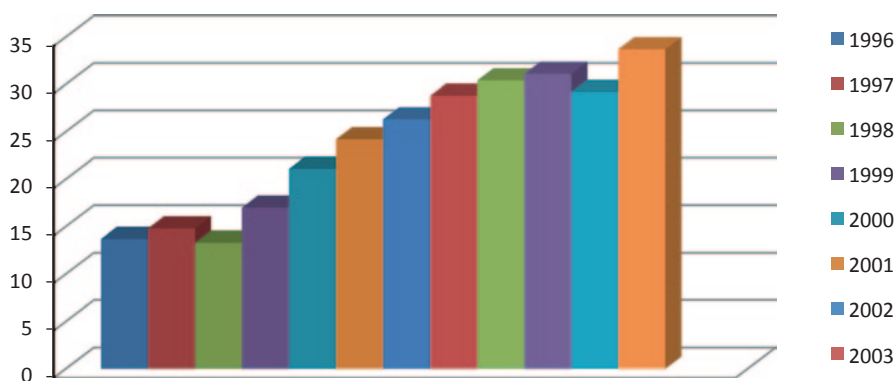


Fig. 12.2 Proportion of tuition and fees in higher education funds (percentage). (Source: Dong and Wan 2012)

Even for those already admitted in higher education, a major issue is what programs they are in. Students from low-income families have to consider tuition and fees as a significant factor in their choice of institutions and programs. They tend to choose agriculture, teacher education, forestry, and geology in less highly ranked higher institutions, while their counterparts from more wealthy, middle-class families tend to choose higher ranked institutions and are more likely to study foreign languages, arts, economics, law, and medical sciences (Chung and Lu 2003). As a result, students from low-income families are highly likely to be in lower paying jobs, and thus their rate of return from higher education would be lower (Dong and Wan 2012).

In order to help low-income families, the Chinese government has offered a variety of financial assistance programmes including loans (since 2001) and scholarships (since 2002). Such financial assistance often takes the forms of waivers of tuition and fees, fellowships, and scholarships for over 30% of needy students (Chung and Lu 2003). As I have argued elsewhere (Li and Yang 2014), such programs are in great demand. However, scholarships are rare in number and thin in amount. They go to best academic performers only who tend to come from higher social classes and/or income groups. Similarly, both the number and amount of student loans are far from sufficient. For instance in 2008, enrolment in China's regular higher education institutions totaled 20.103 million. Among them, 4.74 million (23.57%) were from low-income families. Only 670,000 were able to receive loans (Cui 2012).

Overall, China's higher education remains unfortunately in a "high-charging and low subsidizing" mode, with some signs of slow transition to a "higher-charging and higher-financial support" mode (Dong and Wan 2012). It is important to point out here that both governments and institutions have been trying to improve financial assistance. Yet, only government in wealthier regions can provide more resources and only well-resourced higher education institutions (which are usually found in more economically developed areas) have the means to finance such aid often via donations and research income. In both cases, students from low-income families are significantly disadvantaged (Li and Yang 2014).

Cost sharing is a double-edged sword. On the one hand, it has been facilitating China's move toward massification of higher education (Gibbons 1998), something well acclaimed with pushes from below and pulls from above. As a process, massification is historically significant in providing increasing number of students with access to education at an unprecedented level. On the other hand, cost sharing in higher education has substantially increased the financial burden of students and their families.

12.4.3 The Business Community (Enterprises)

As the ultimate beneficiary of a sound higher education system, society at large is expected to directly contribute to cost sharing strategies in higher education. This usually includes for-profit enterprises, higher education institutions themselves, and individual and organizational philanthropy and donations (Wang 2004). Among them, enterprises are a major yet underutilized force (Dong 2007). In the period 2001–2009, while the overall (absolute) value of society's contribution to higher education funding has increased, its share has dropped by 5% (Jin 2012). China's enterprises, which are a major beneficiary of higher education investment, have enjoyed a "free ride" for a long time throughout the reform era.

Although for-profit in nature, it is to the benefit of the business community (enterprises) to support an effective higher education system at least from a human capital perspective. Business productivity and competitiveness rely more and more on human resources and innovations as knowledge exchange increases between higher education institutions and enterprises, evidenced particularly by successful scientific parks across national boundaries (Dong 2007).

In the planned system, stakeholders in China's higher education included only government and students (and their families). Entirely financed and controlled by government, higher education produced professionals whose type and number were tightly projected by the government. Higher education institutions did not shoulder much responsibility for the fitness of their graduates for social and economic demands. Higher education was thus government business, with few linkages to industry, which in turn, had minimum interest in the operation of higher education. Such situation has long gone with decades of higher education reform (Yi and Yao 2007).

In marked contrast to students and their parents, the business community as a major beneficiary of higher education has only contributed to higher education indirectly via their business tax payments, rather than based on the graduates they have taken as employees. The business community has therefore only fulfilled its responsibility as tax payers. The unique interests they have benefited from higher education as a rare resource have been largely for free. A direct consequence of this has been the high consumption of university graduates by the business community. Business is often treated together with government as one stakeholder. This does not pave the way for a clear definition of the industry's responsibility for higher education. In terms of intake, higher education is not an entirely public good. On the other hand, higher education consumption is neither entirely privately based

on competition and exclusion, nor completely publicly based on noncompetitive, nonexclusive basis. Its costs should therefore be shared by various stakeholders.

China's higher education institutions were seen for a long time as an arm of the government. This has led to a very different role for the business world especially those for-profit enterprises, in the governance and operation of higher education institutions. Industry enjoyed free higher education services in the planned system. Today, both business and higher education institutions are separating themselves from the government. Simply fulfilling the role as taxpayers only reflects the business community's relations with the public. It does not show the unique benefits it receives through higher education especially in a knowledge economy.

Furthermore, China's current taxation policies help to create businesses that are the biggest beneficiary of higher education. China has low, even zero tax rates for certain businesses aimed at attracting foreign direct investment. The proportion of China's tax income to GDP has long been relatively low and even decreasing, weakening government's financial capacity to fund higher education. This has been a major reason for the increase of higher education costs by students and their families. Therefore, some Chinese researchers propose that industry should be treated as an independent stakeholder in cost sharing of higher education (see, for example, Dong 2007). There have also calls for the government to collect a tax or a surcharge that is placed upon graduates they recruit from higher education institutions (c.f., Yang and Gao 2009; Jin 2012), as, e.g., practiced in India (Tu 2010).

12.5 Conclusions

In terms of how costs have been shared in higher education since the communist Chinese government came into power more than 6 decades ago, two distinctive periods can be discerned. The first is the pre-reform period from the 1950s to the 1980s with full governmental funding. The second has been a transition to cost sharing between government, students and their families, and the general society. These periods or policy waves are based on strikingly different political ideologies and in markedly contrasting social and policy contexts. While the pre-reform period was ideological and failed to satisfy the Chinese people with its achievement in higher education equality, China's current cost sharing policy in higher education does not contribute to social and educational equality either. Indeed, between economic efficiency and social justice, they have not even identified the latter as a policy priority.

Theoretically speaking, contemporary China's higher education policy has demonstrated clear external (often Western) influence. Individuals are increasingly constituted as free social subjects who conduct their own economic activities for the benefit of themselves and as individuals who are also responsible for their own behaviors. However, such influence is not characterized by the predominance of Western powers. Traditional Chinese discourses and cultures have not been completely superseded by Western ones (Cheng and Xu 2011). Rather, in present-day China,

these two sets of discourses are intertwined. There is “no clear divide between the so-called Chinese and Western traditions” (Liu 2011, p. 599). Instead, the reality is usually interactions between the two. Western values and discourses are inevitably reinterpreted and adapted when they are introduced into the Chinese context (Cheng and Xu 2011). At the same time, indigenous Chinese traditions undergo transformation and reinvention when interacting with Western cultures (Tan 2011). Rejecting a binary conception of the West and China, this chapter has revealed the complexity of higher education policy in current China, which is the result of multiple forces that underpin the governing model of China’s higher education.

In China today, one-party rule is increasingly achieved through recourse to a rule of law and associated conceptions of citizenship, as well as through governmental interventions that seek to govern certain subjects from a distance, by relying on their individual choices, aspirations, or capacities (Jeffreys and Sigley 2009). Following the transition from a state-planned system to a socialist market economy, Chinese governance approaches have undergone considerable changes to form a hybrid socialist–neoliberal form of government that has emerged in contemporary China since the reform and opening-up policy in 1978 (Gornitzka and Maassen 2000). Authoritarian styles of government create docile laborers, while neoliberal styles of government constitute active and entrepreneurial citizens. In this way, both kinds of subjectivities are objects of the social market economy. Chinese forms of administration experienced profound changes. Direct government intervention was mixed with market mechanisms (Sigley 2006).

As pointed out by Gross and Godwin (2005), thinking expansively about stakeholders is easier said than done. The majority of Chinese university academics still prefers the old-fashioned ivory tower conception of higher education and would even rebel at the notion of the administration interfering with what goes on in their classrooms. Current heated debates over financial benefits from higher education should not be the reason for any neglect of the social aspect of higher education benefits at both individual and societal levels. Once the social dimension has been taken into consideration, it is truly difficult to judge who wins and who loses, especially within a relatively short period. It is however in the benefit of every member of a society to have a highly effective higher education system. China’s experience shows that changes in modes of governance create new winners and losers. Furthermore, today’s winners could also turn into tomorrow’s winners. The complexities of China’s case show that the theoretical basis of cost sharing policy imported mainly from the West is, over-simplified, short-sighted, and goes against the unique socio-cultural realities of the country.

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