

YAN LUO & PO YANG

## CHINESE HIGHER EDUCATION: EXPANSION AND SOCIAL JUSTICE SINCE 1949

### INTRODUCTION

There is a long tradition of education in Chinese civilization. Although China long had its own forms of higher learning institutions, the modern university was an import of the late 19<sup>th</sup> century (Hayhoe, 1996). It was originally copied from Europe and later largely followed the mold of the American system, but in the 1950s this was succeeded by the Soviet Union Model. In the 1960s, Mao abandoned this latter model by initiating a revolution in the field of education, with the intention of establishing a proletarian-dictated system. His goal was not realized before he died in 1976, and his opponents, party reformers, abandoned his higher education policy (Tian & Zhang, 2001). It seems that Chinese higher education has experienced continual transformations shifting between these main patterns which have been prevalent in different parts of the world.

The Chinese higher education system has recently been rapidly developing. By 2006, it overtook the American system in size, with an enrollment leap to more than 20 million students, becoming the largest higher education system in the world. Comparing this figure to the enrollment of 116,000 students in 1949, it makes for one of the fastest expansions in the history of higher education. When China gained the position of largest higher education system, it was still a country with a real GDP per capita of less than 1,000 U.S. dollars. This has fascinated the world.

Revealing the mechanisms of the system is crucial to understanding the changes in Chinese higher education. For instance, how have the two pairs of dominating factors, expansion and equality, government regulations, and university autonomy, shaped Chinese higher education? Will higher education expansion finally lead to the improvement of equity? Will the introduction of market mechanisms into higher education benefit university autonomy? This chapter is a socio-historical analysis. By examining the evolution of Chinese higher education since the establishment of the People's Republic of China in 1949, we have tried to answer these questions.

### A REDISTRIBUTIVE SYSTEM: MAO'S EXPERIMENT (1949–1976)

Institutionally, China is a unique country where the market mechanism as a governance structure had been completely abandoned. Instead, a redistributive economic system was set up during the Mao era. Sociologist Polanyi has defined it

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as a structure of social organizations in which goods and services are distributed by central direction from lower level production units towards a center and then back again (Polanyi, 1944). It was very different from a market mechanism, in which buyers and sellers exchange goods and services directly. It was in this institutional context that the Chinese higher education system was embedded. Its demand and provision and allocation were entirely regulated by a national plan.

The Chinese higher education system during this period has had several unique aspects:

1. Enrollment at higher education institutions channeled through the standard national college entrance examination (*Gao Kao*). The quota of programs, departments and institutions in each province was strictly prescribed by a macro annual national plan.
2. Although not articulated in any documents, the establishment of the National Textbook Compiling and Censorship Commission in fact standardized the production process in higher education institutions, promulgating national program outlines, curriculum outlines and sets of textbooks at intervals.
3. Higher education institutions were financed by either central government or provincial ministries according to their affiliation and were free for enrolled students. On the other hand the employment of graduates was subject to an annual national plan, meaning that the individual graduate had to accept any job allocated to him or her by the party-state.
4. All organizational aspects of life in higher education institutions were under direct control, including faculty and staff appointments, salary, accommodations, health care, etc. Professors had secure positions, at relatively modest pay, which was called the “iron-bowl” (Otsuka, 1998; Postiglione, 2005).

Obviously, there were huge differences between Mao’s higher education system and those of other nations especially the United States, especially in that Chinese higher education institutions lacked the institutional autonomy that American higher education institutions enjoy. Chinese higher education institutions were more like “puppets” controlled by the party state. To illustrate this, for example, a university such as Tsinghua would have been required to make a formal application to the Ministry of Education, its affiliated department, even for repairing a toilet.

Nevertheless, the Chinese higher education system enjoyed strong legitimacy in Mao’s era. Adjusted to the precise needs of industrialization and socialist nation-building, Chinese higher education institutions served the function of consolidating the nationally planned economy by providing college graduates to the functional departments of the party state, according to annual government recruitment plans. Although this was labeled by western scholars as “mechanical efficiency” (Hayhoe, 1996, p119), it was a strong element in the redistributive social system.

At the same time, this system provided an effective elite selection and cultivation mechanism. By abolishing student fees and providing People’s scholarships, student access to higher education was hardly affected by their family’s socio-economic

status. Neither was student performance in college, since curriculum and job/status allocation were delivered in a uniform way. Such a merit-based ethos earned the system wide recognition from the public.

It appears that Chinese higher education in the 1950s realized the goals both of expansion and enhancing equity. Enrollment grew steadily during the first two five-year plans, from 1950 to 1960 (Figure 1), as did the proportion of enrolled college students with a background as workers and peasants (Figure 2).

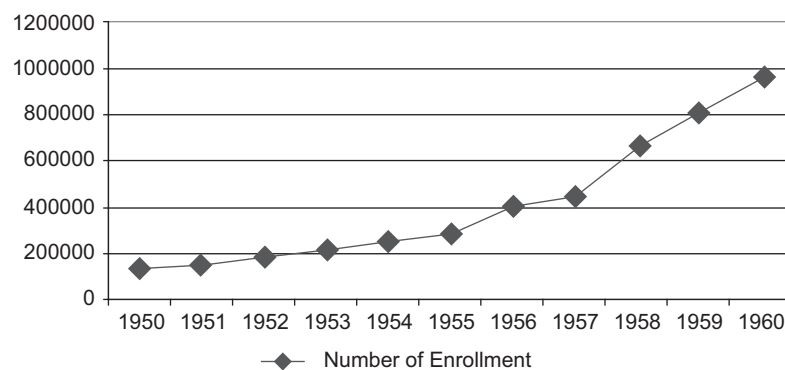


Figure 1. Chinese higher education enrollment (1950–1960).  
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 44.



Figure 2. Proportion of enrolled college students from the background of workers and peasants (1952–1965).  
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 85.

However, Mao had his doubts. As an incisive social critic, Mao detected that workers, peasants and their children were still not being proportionately represented in higher education. For instance, in the year 1952 the proportion of workers, peasants and

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their children enrolled in tertiary institutions was about 20.5% which represented a wide gap compared to their proportion in the entire population of more than 80%. With the socialist transformation taking place in China in the 1950s, China was restructured into a society mainly consisting of two social classes – people who redistribute and people who produce, namely the cadres and the mass of peasants and workers. The proportion of the two groups was quite stable during the 1950s (Li, Y., 2005).

Having hoped to produce a new type of proletariat elite coming from the proletariat class to form the foundation of the proletariat dictatorship, Mao was dissatisfied with the system. Subsequently, in 1957, he started to clean up the “old” elites in the system by initiating an anti-rightist movement, looking to provide room for the worker-peasant class and their knowledge in the higher education institutions.

This proved very effective. In 1957, the proportion of workers, peasants and their children enrolled in tertiary institutions jumped to 36.3%, and in the next year, it rose further to 48%. In 1965, the proportion showed a further sharp rise and reached 64.6%, just before the *Cultural Revolution* commenced in 1966.

#### THE CULTURAL REVOLUTION

The reasons Mao launched the *Cultural Revolution* are still a subject of controversy among academics. Some scholars believe it was related to the ideological and power struggle between Mao and his opponent, the in-service chairman Liu Shaoqi (Hu, 1991). On August 22, 1964, Liu released a paper expounding his theory of “Two Types of Education Institutions”. This had a big impact on the formation of Chinese education in general and higher education in particular, as it argued that in addition to the full-time school system, part-time educational institutions covering all the educational stages should be set up and provided for workers, peasants and their children (He, 1998). Given the fact that enrolled college students from worker and peasant families already made up the main body of the student population and their proportion seemed set to continue increasing, Liu’s concern could be interpreted as being focused on further expansion of the scale of the education system. However, Mao interpreted Liu’s idea as a criticism of the vision of establishing a proletarian-dictated system. So he declared, “the situation where our schools (educational institutions) are under the control of capitalist intellectuals would no longer be tolerated” (Hu, 1991, p. 413). In 1966 he started another round of cleansing in the field of education. Mao named it a “cultural revolution”. This was extreme if we recall Mao’s first round of cleansing was named “anti-rightist struggle”.

The examination of the strategies and incidents of Mao’s Cultural Revolution is not the purpose of this chapter. However, Mao’s revolution brought about significant changes to Chinese higher education. First, he abolished the national college entrance examination and established a mass-review system instead, which examined the individual’s ideology and political loyalty. Academic achievement could still be

considered, but it was not such a vital factor as previously. With the same goal of expansion, Mao advocated that factories and communes (state-owned at the time) run their own form of tertiary education institutions, which he called “people-run”. Ironically, most of these new types of institutions proved to be part-time in nature, which actually was not different from what Liu had advocated. Because of this, we may surmise that what really concerned Mao was whether such institutions were run *for* the proletariat class and *by* the proletariat class, instead of whether they were part-time or not. Mao also revolutionized knowledge classification by emphasizing practical knowledge and skills while preaching against theoretical knowledge. He said the proletariat class needed the practical knowledge to raise horses rather than pure theories about the function of a horse’s tail.

In 1997, Deng and Treiman published a paper based on their empirical study in the *American Journal of Sociology*. They found that the advantages of coming from an educated family or an intelligentsia or cadre family were drastically reduced during the Cultural Revolution (1966–76), and that Mao’s China during the period of Cultural Revolution was a highly egalitarian society with respect to social origins (Deng & Treiman, 1997). Although official data is not available, it is reasonable to estimate that during the Cultural Revolution the proportion of worker-peasant students must have been higher than 64.6%, which was the figure in 1965.

Setting Mao’s specific ideological considerations aside, what Mao actually did was to privilege the disadvantaged social groups in accessing higher education by reforming the enrollment policy and knowledge classifications of higher education institutions.

Though Mao established justice in the sense of social equality, his strategies turned out to damage the higher education system. Due to the wide cleansing of “old” intellectuals (defined as capitalist intellectuals by Mao and his followers) in higher education institutions and due to the recruitment of unqualified “new” faculty from factories and communes, the number of courses provided in colleges and universities decreased dramatically, as did the number of programs. Some institutions were even required to relocate their campus to rural areas. Without sufficient facilities and equipment, these institutions did not actually function at all. As a result, the number of enrolled students dropped dramatically during Mao’s revolution. In 1970, the number was at its lowest ever of only 47,815 in total, only 41% of the 1949 figure when the People’s Republic was founded. Although it started to increase in 1971, enrolled students only numbered 500,993 in 1976 when the revolution finally ended, only about 59% of the 1960 figure when Chinese higher education reached its peak in the Mao era.

China’s experience under Mao shows there is no given relationship between educational expansion and equity – in the pre-Cultural Revolution period, Chinese higher education expanded with a greater degree of equity; while in the Cultural Revolution period the size of Chinese higher education shrank, even though equity had been enhanced.

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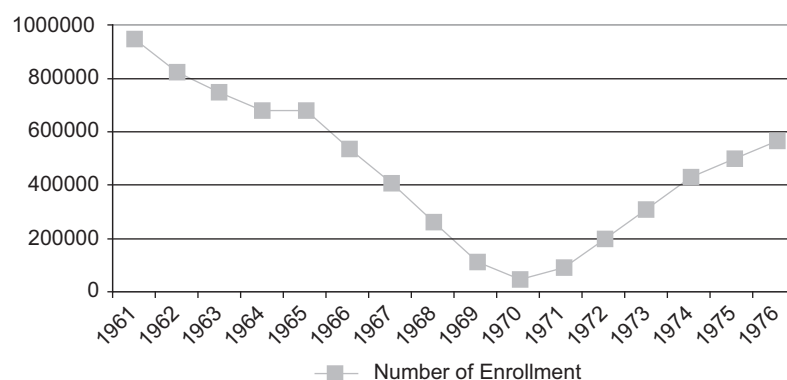


Figure 3. Chinese higher education enrollment (1961–1976).  
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 44.

#### SOCIALIST STATE AND GLOBAL CAPITAL: DENG'S REFORMS SINCE 1978

Even when Mao was still alive, there were controversies concerning the various approaches to social policies within the Party. Deng, once Liu Shaoqi's ally, survived Mao's revolution. After the death of both Liu and Mao one after the other, Deng rose to a position of power in the regime in 1977 and became the top leader of the Republic in 1981.

Different from Mao, Deng's approach to policy was focused on efficiency rather than ideological and political considerations, and this was well reflected by his famous saying "a cat is a good cat only if it catches rats". His attachment to the efficiency of institutions was rationalized by the crisis the Republic faced in the 1970s. Flanked by its two opponents, Japan and Taiwan (ruled by the Nationalist Party),<sup>1</sup> both of which had achieved a great growth in their economies and had been effectively integrated into the world economy during the 1960s and 1970s, the Chinese Communist Party and its regime were under the enormous pressure of a legitimacy crisis. If socialism is superior to capitalism, as people were educated to believe during Mao's era, a China ruled by the Communist Party should provide its people with a more prosperous life.

For this very reason, Deng's pragmatism in reform was well accepted by most people in China at the time. When people now consider Deng's reforms, they tend to think immediately of the economic transformation with the market transition at its core, but fail to remember another policy that persisted throughout Deng's era – constant adherence to the Four Fundamentals: adhere to the socialist road, Marxism-Leninism, the people's democratic dictatorship, and the leadership of the Chinese Communist party. This was partly because during the first decade of Deng's era more emphasis was given to economic reform than to political ideology. But the most important reason is more likely that both Westerners and some Chinese expected privatization

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of the economy to eventually bring about the political byproduct of democratization. If this was not wrong, it was at least incomplete, because market transition was not actually the real goal of the “reform”. It was just a means to reach that goal.

Let us reflect on Deng’s “reform and open policy”. Clearly, the target of the “reform” was the redistributive social system, but what was the target of the “open policy”? Item 18 of the 1982 Constitutions of the Republic tells us it is global capital, stating that “overseas capital is allowed to invest and draw reasonable profits” in the Republic. It was thought that when the blood of global capital filled and functioned in the body of the Chinese socialist state, the political-ideological difference would not represent a barricade and would hence significantly reduce threats from powers dominated by capital. Deng looked forward to consolidating the party state regime by integrating his socialist state within the global capitalist economy. This is the real goal of Deng’s reform and open policy.

Deng and his allies started their reform with the reconstruction of the meaning of the system by providing a new set of cognitions about what higher education is and why people need it.

#### OBTAINING NEW LEGITIMACY THROUGH SOCIAL COGNITIVE MOVEMENTS

Educational reform in post-Mao China was initiated by an educational ideology debate, which was in fact part of Deng’s grand ideological plan, the *Thoughts Emancipation Movement*. In order to erase the influence of Maoism in which the nature of education was stated as being a part of a superstructure dictated by productive relations for serving the politics of the proletariat dictatorship, Deng and his cohorts launched the *Debate on the Nature of Education* in 1979. Severing the close ties between education and politics, the reformers applied human capital theory to reconnect education with economy. It is within this framework that the reformers anchored the conception of educational investment and rewards, and hence cost-sharing and tuition fees. Given that education is closely related to economic development and as there is solid evidence to support that individual investment in education leads to increased income earning ability in the future, why should universities shut their doors to the public if the public are willing to make the investment by paying the tuition fee?

The discourse concerning the nature of education was thus reconstructed, and so was the legitimacy of education institutions in general and higher education in particular. As a result, higher education was no longer public goods enjoyed by social elites as during the Mao period, nor offered by the party state to serve the needs of the party state. It was now defined as a type of goods generating both public and private benefits.

#### REFRAMING FINANCING AND THE END OF THE GOVERNMENT MONOPOLY

In line with this new idea concerning the nature of higher education, a new division of resource allocation responsibility between the government and the market came into

being. Since private return to tertiary education is usually higher than the social rate of return (Li & Zhang, 2008), it was considered reasonable for the market to play the principal role in higher education resource allocation, and the role of the government changed. Instead of being the only funding source, the major provider and sole regulator of Chinese higher education, the government became one of many. Government was no longer held exclusively accountable for higher education development, and the government monopoly in the provision of higher education was over.

Such a change was made within a process of increasing the efficiency of resource allocation, and has in fact been implemented through a series of higher education finance reforms in recent decades.

First, the government transferred part of its funding responsibility to the market. Since the 1980s, the central government had used marketization as an excuse to reduce the reliance of higher education institutions on government input. [Figure 4](#) illustrates the proportions of fiscal allocation, tuition and fees, and other revenues of tertiary institutions respectively in total institutional revenue. This actually mirrors several policy initiatives of the past 20 years:

- The revenue sources of higher education institutions became diversified, while the share of government funding decreased over time (Bao, 2011). Government fiscal allocation, the self-generated income of tertiary education institutions (mainly through charging tuition and fees), and bank loans became three major revenue sources for tertiary education institutions. In recent years, although the total amount of government input has continued to increase, its share in total revenue dropped from 92% in 1993 to 48% in 2007. The government's role as the major funder of public colleges and universities has been eroded.
- Although the government does control tuition rates in a certain sense, the proportion of tuition and fees in total revenue has increased substantially (Yang, 2010).
- The government has also encouraged tertiary education institutions to increase their revenues from business services. From the mid 1980s to 2005, most Chinese postsecondary institutions established their own enterprises and have used their revenues to make up the budget deficit resulting from inadequate government allocation (Shi, 2010).
- Central and local governments backed the universities so they could borrow from banks. Most universities have refinanced their debts by trading campus land for cash. Running with large debts was a reflection of the convergence of interests of tertiary education institutions and financial institutions under the guidance of the government. Universities' borrowing behavior has reinforced the re-stratification of the Chinese higher education system and the reproduction of the institution gap.

The second stage of the reform included two parts: one was a redistribution of management and funding responsibility between central and local government; the other was a redistribution of management and funding responsibility between



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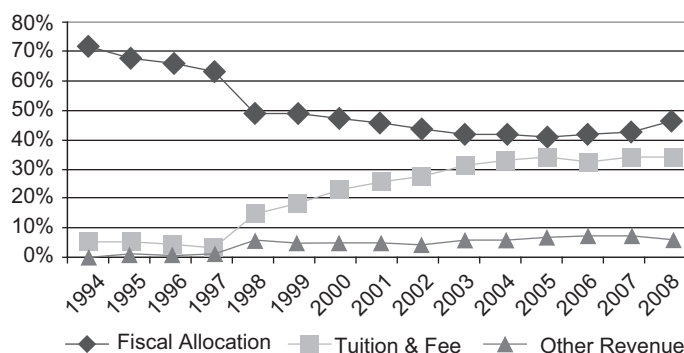


Figure 4. Major revenue sources of Chinese HEIs (1994–2008).  
Source: China Statistical Yearbook for Educational Expenditure (1995–2009).

the Ministry of Education (MOE) and other Ministries. Before 1985, the central government financed all public tertiary education institutions. However, in a series of policy changes, the central government handed off most public tertiary education institutions to local governments. The total number of institutions supervised directly by MOE at present is under 80. Figure 5 illustrates the change in the number of central- and locally-controlled public tertiary education institutions from 1988 to 2009. The central government also redefined its funding responsibility. It only provides full funding for a small number of directly MOE-affiliated elite institutions. Local governments have begun to shoulder the funding responsibility for the majority of non-elite local institutions. During this time, there has been a trend to diversify funding and management mechanisms among provincial governments (Yang, 2009a).

From 1999 onwards, most Ministries in China began to hand over their affiliated higher education institutions to the MOE or to local governments. In most cases, local governments were accountable for financing these institutions. In this way, the direct link between tertiary institutions and other Ministries was severed.

Finally, there has been a significant change in the structure of government fiscal allocation. The government gradually reduced its support for universities' recurrent expenditures, but increased its support for earmarked grant programs. This change, in fact, increased the government's control over institutional behavior. In addition, the government chose to concentrate its limited resources on a handful of elite research universities. This is the best evidence of the government's imbalanced fiscal allocation mechanism.

*The Institutional Context: Divide to Rule*

Along with changes in government financing, government regulation also changed. Although it is stipulated in the *People's Republic of China Higher Education Law*

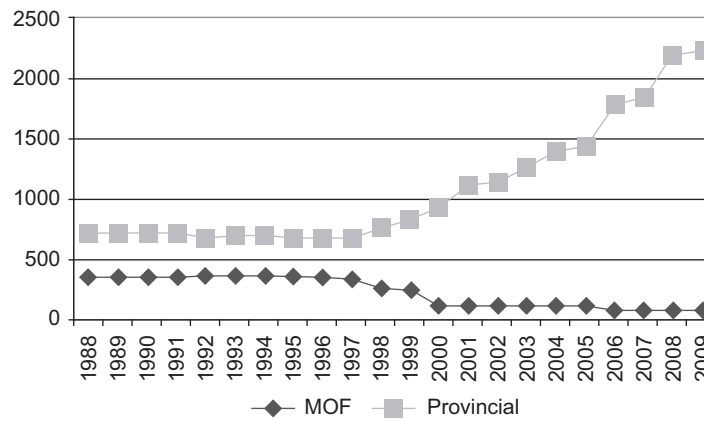


Figure 5. Number of HEIs by affiliation (MOE vs. provincial government).  
Source: China Statistical Yearbook for Education (1989–2010).

of 1998 that all tertiary education institutions are legal entities, their nature is not clear, as there has been no further illustration or expounding on the term. According to the *People's Republic of China Civil Law*, there are four types of legal entities: enterprise, government, Shi Ye Dan Wei (public non-government) and She Hui Tuan Ti (private non-government). Shi Ye Dan Wei is a unique type of social organization, usually established by the government, hence functionally affiliated to a certain government department. Government covers the salaries of personnel, and for this reason these organizations play a certain regulative role for the government. The other part of their revenue, however, needs to come from the market through services provided. Obviously, this type of organization is the result of the market transition in China.

A good example to illustrate this is the National Center of Academic Degree and Postgraduate Education. In Mao's era, all institutions were required to be recognized by the Ministry of Education (MOE) before they could confer academic degrees to students. As the MOE no longer has this function, the National Center of Academic Degree and Postgraduate Education was established to perform this role. Redefining the function as a kind of service, the National Center of Academic Degree and Postgraduate Education gets fees from the applicant institutions for its services; these service fees allow the organization to operate. As Fang, a famous Chinese scholar in the field of legal studies, argues, Shi Ye Dan Wei appear to be public non-government, though in effect they are a distortion of government and market—the redistributive attribute of the government has not been reduced at all although the financial cost is shared to a large degree by the market (Fang, 2007).

It is well recognized in the field of education in China that all public educational institutions in general and higher education institutions in particular are categorized

as Shi Ye Dan Wei (public non-government). Apart from the function of teaching students, all Chinese public higher education institutions play the roles of political supervision and social control as well. For this reason, the salaries of all the faculty members and a certain number of staff were covered by the national finance budget, and the public tertiary educational institutions were actually deprived of the right to set their own tuition fees. In 2006, the Ministry of Education and the National Commission of Reform and Development, together with the Ministry of Finance, promulgated a document. It prescribed that the level of tuition fees of all ministry-affiliated public universities should observe the limits defined in the document and be open to public scrutiny. For all programs other than arts and medicine, the tuition fees were not allowed to exceed 5,000 RMB per year. For independent colleges of ministry-affiliated universities, however, tuition was allowed to be charged at 10,000 RMB per year. As the independent colleges were usually much inferior in terms of student selection, faculty qualifications and resources such as libraries and laboratories, this actually presented a Chinese higher education paradox—one pays a significantly higher price to be enrolled at an institution with an inferior reputation and quality.

Obviously, this is not market logic. If we consider the fact that all kinds of governmental financial aid privileges students enrolled at ministries-affiliated universities, in particular the top universities (985-project universities),<sup>2</sup> and also research funding, we arrive at the understanding that this is a way for the Party state to govern its elite universities. Low tuition fees are for reducing the social exclusion effect on students; all types of government funds are for reducing the willingness of institutions to absorb resources from the market. As a result, Chinese elite public universities faithfully play the role of selecting and training elites for the Party-state.

Different from the elite public universities, provincial public tertiary education institutions could set their own tuition fees. In order to empower their capability to absorb resources from the market, they were usually encouraged to build separate campuses; land for such campuses was actually granted by local governments. Provincial tertiary institutions were encouraged to borrow from banks, and banks were eager to lend them money, as the institutions were entitled to the right to “manage” their property, including the precious land granted by the local government. It creates a joint feast for the state-owned banks, local government and tertiary education institutions.

Compared to the public universities, the regulative frameworks for Chinese private tertiary education institutions are very tough. Although enjoying the freedom of tuition pricing, Chinese private higher education institutions are largely excluded from the entitlement to confer bachelor and further degrees, as such entitlement was the privilege of public universities. As a result, private tertiary education institutions in China provide mainly vocational education conferring associate-bachelor degrees or no degrees. Even worse, in 1998 the State Department of China released a document entitled *Regulations on the Registration of People-run Non-enterprise Unit*, in which “all social organizations run by non-state owned estate

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yet to provide non-profitable services” are called non-enterprise people-run units, and since then all private education institutions in China have been required to register as People-run Non-enterprise Units. This actually creates a special type of legal status for private institutions. In 2002, the *Law of the People’s Republic of China on Promotion of Privately-run Educational Institutions* was promulgated. It entitled private education institutions to draw profits. However, they hardly had time to celebrate before another document entitled *Notice Promulgated by the Ministry of Finance and the State Taxation Administration on Educational Taxation* was released in 2004. It prescribed that all accounts not included in the national finance budget management information system were liable for enterprise taxation. As all private tertiary education institutions meet this criterion, they had to pay enterprise income tax, 17% for non-certificate-awarding institutions and up to 33% for certificate-awarding institutions.

This creates a very difficult situation for Chinese private higher education institutions. But if we consider it from the view of the Party state governing a type of non-state-owned estate, we may be able to understand. Considered to be subscribed as private education institutions, these institutions are expected to respond to the demands of the market. If they are run properly, they may generate income, however once profit is made, tax must be paid.

In conclusion, Chinese higher education is subscribed to monopoly markets—a public-supported elite higher education system, strictly supervised by the party state, and a mainly private-supported mass higher education system, which has been arranged into a hierarchy, with the privately-run institutions at the bottom.

#### DISCUSSION AND CONCLUSION

This organizational differentiation—stratify different types of higher education institutions into a status hierarchy has led to individual variation (inequity). First, access to elite HEIs is biased toward socially advantaged groups. The expansion of higher education has enhanced common people’s opportunities for higher education. However, high quality tertiary education resources are still under strict government control. By implementing policies such as university recruitment recommendation and the National College Entrance Examination (NCEE) bonus in addition to the NCEE, advantaged social groups are privileged in gaining access to elite universities. [Figure 6](#) illustrates the distribution of father’s education for students from various types of HEIs in Beijing.

Since the government provides high SES families with high quality education at a relatively cheaper price, it creates a regression in educational resource allocation and threatens social justice. Li (2010) argues there is more inequality in 4-year academic institutions than in 3-year vocational institutions after tertiary education expansion, in terms of inequity for different social classes. Resource allocation is more advantageous for elite institutions. Student financial aid has been proved to have positive impacts on individual development (Yang, 2009b); however, empirical

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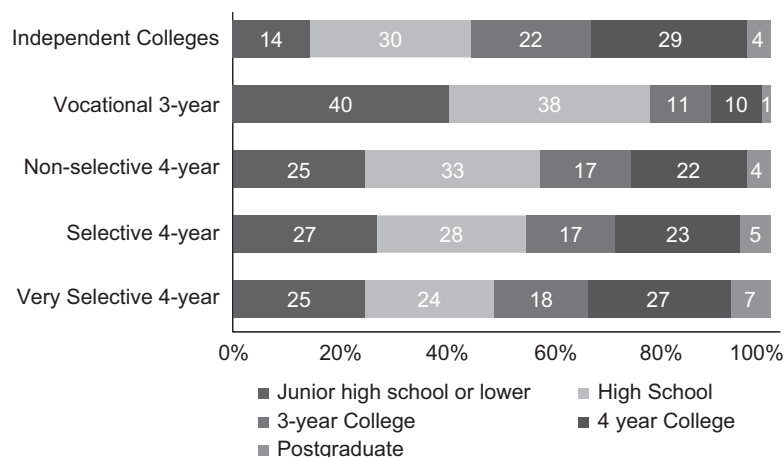


Figure 6. Institutional SES composition by father's education.  
Source: 2010 Beijing College Student Development Survey.

studies show that aid distribution is advantageous for selective institutions. Students from Project 985 or Project 211<sup>3</sup> universities have a much higher chance of obtaining financial aid than those from non-selective institutions (Yang, 2010).

There is a substantial institution gap in learning resource allocation as well. For instance, a recent survey of college students in Beijing showed that students from Project 985 institutions were on average more satisfied with their residency hall conditions, computer, internet, lab, and library access among other provisions (Beijing Education Committee and Peking University, 2010). In short, the allocation of financial aid, teaching and residential facilities all favor elite schools. This mirrors the inequality in the educational process and becomes a root of social injustice.

The unequal access to and process of tertiary education finally leads to unequal educational output and outcome. Two major indicators of unequal outcome are the probability of employment and the rate of return to higher education. Based on a survey of 2010 college graduates in February 2011, the employment rate of graduates of Project 985 institutions was 91.2%, whereas the rate for graduates of vocational institutions was 85%. The average starting salary for Project 211 institution graduates was 2,756 RMB, 23% higher than that of graduates from non-selective institutions (MYCOS, 2010). Elite institution graduates enjoyed the advantage of finding jobs and retrieving higher benefits from their education.

The findings described above indicate that the Chinese higher education system has institutionalized a stratified resource allocation pattern. The social elites enter at the top of the system and receive a high-quality education at a very low price. The disadvantaged groups, on the contrary, are forced to the middle- or low-tier of

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the higher education system for an inferior-quality education at a much higher cost. The Chinese higher education system has ceased to play the role of social equalizer as it did in Mao's era. It not only fails to correct injustice due to unequal social resource allocation following marketization, but reinforces inequality. Resources have been rapidly concentrated toward elite institutions under tight state control, and mediated through this process to be finally concentrated on the advantaged social groups. It fails to bring equity or enhance the welfare of disadvantaged groups; instead, it allows reverse deprivation.

The evidence of Chinese higher education transformation in the post-Mao era also casts doubt on the Market Transition Theory (Nee, 1989), which hypothesized that the emergence of markets in the state socialist redistributive system would eventually enhance the autonomy of the "direct producers" previously at the bottom of the state socialist hierarchy. As we have argued, "marketization" was not the goal of the reform taking place in China, but a means to consolidate the regime of the Communist Party. The institutional change in Chinese higher education was deeply embedded in this grand logic of Chinese "reform and open policy". This explains why, after a 30-year reform introducing the market into a socialist redistributive system, the tertiary education system in China did not faithfully follow market logic in the allocation of its resources. As the government has continued to control institutional resources with its regulative system, such as enrollment quotas and tuition pricing, degree conferment, academic program accreditation, and human resources allocation, the autonomy of Chinese higher education institutions still appears to be under great constraint.

The bold and drastic experiments in Chinese higher education in the past 60 years have generated at least two thoughts for reflection: 1) higher education expansion does not necessarily lead to equity, which is largely dependent on institutional arrangements and policy value-orientations; and, 2) the market system does not necessarily generate university autonomy. A state-controlled monopoly market mechanism may produce institutional inequity within a system just as the redistributive system does. It may harm the institutions' internal management and operation by embedding them in a constraining regulative context.

Although the huge higher education demand and supply generated by the market system has contributed to a great expansion of the Chinese higher education system, reforms in the past 30 years illustrate the need for an alternative growth route—a balanced market mechanism. Growth without institutional and social justice is not a real improvement. This is the lesson the Chinese experience teaches other higher education systems in the world, especially in developing countries.

#### NOTES

<sup>1</sup> China declared war against Japan in 1937 and finally won in 1945. The Chinese Communist Party won in 1949 against the Chinese Nationalist Party and built the People's Republic of China on the mainland. After retreating from mainland China, the regime of the Republic of China established by the Nationalists survived in Taiwan.

- <sup>2</sup> The 985 project is meant to promote the development and reputation of the Chinese higher education system. It was codenamed after the date of the 100th anniversary of Peking University on May 4, 1998 (using the Chinese date format), when it was first announced by CPC General secretary and Chinese President Jiang Zemin in a speech. Originally, the project funding was made available to an elite group of 9 universities; later the list was extended to 39 universities.
- <sup>3</sup> The 211 project is a network of National Key Universities and colleges initiated in 1995 by the Ministry of Education of China, with the intent of raising the research standards of high-level universities and cultivating strategies for socio-economic development. The name for the project comes from an abbreviation of the 21st century and 100 (approximate number of participating universities). All 985 project universities are part of the 211 project before they are selected for the 985 project group.

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