

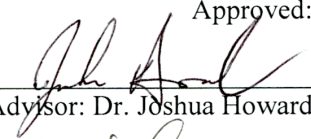
UNCONTROLLED ENROLLMENT EXPANSION:
FRAGMENTED AUTHORITARIANISM IN CHINESE HIGHER EDUCATION

by
William Wallace Bumpas III

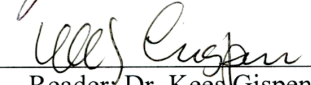
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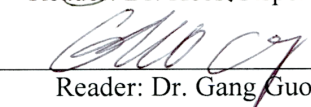
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ABSTRACT

Uncontrolled Enrollment Expansion: Fragmented Authoritarianism in Chinese Higher Education

The enrollment expansion of the Chinese higher education has no historical precedent, and defies belief in its speed and scale. I argue that this rapid enrollment growth is best understood not as a natural phenomenon of the market economy, nor as an intentional policy outcome, but rather as a byproduct of the structure of the Chinese state. I propose that the central government's lack of effective control over lower-level cadres at local governments and individual universities was instrumental in the expansion of enrollments far beyond the intentions of the Ministry of Education. This uncontrolled enrollment expansion was enabled by local officials' soft budget constraints, and incentivized by their short time horizons and focus on superficial "hard targets." When the MOE attempted to rein in the expansion rate at all levels starting in 2002, only elite, directly-administered universities slowed their growth. At locally-administered universities, meanwhile, central policy was severely distorted by the effects of decentralization and fragmented authoritarianism. Furthermore, I provide evidence that only by reinforcing its monitoring capability at lower levels was the central government able to reassert its authority.

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UNCONTROLLED ENROLLMENT EXPANSION: FRAGMENTED AUTHORITARIANISM IN CHINESE HIGHER EDUCATION

CHAPTER 1: INTRODUCTION

Over the past sixty years, the history of China's higher education has been almost as tumultuous as that of the country itself. The university system had an uneasy relationship with Maoist ideology from 1949 to the late 1970s, culminating in the closure of most universities during the early stages of the Cultural Revolution.¹ When Maoism gave way to Deng Xiaoping's market reforms, rebuilding higher education became a key policy objective.² For most of the reform era, bureaucrats focused on improving education quality while maintaining moderate enrollment growth. Throughout all of 1978 to 1998, annual university recruitments increased from 0.86 to 1.08 million, a yearly average of 1.13%.³

Yet another upheaval of the Chinese university system took place starting in 1999, with the surprise announcement of a rapid enrollment expansion policy. The subsequent decade was a period of unprecedented enrollment growth. Today the Chinese higher education system has nearly eight times the number of students it did in 1998.⁴ Such massive enrollment expansion has no historical precedent, and defies belief in its

¹ Hu Shi and Eli Seifman, eds., *Education and Socialist Modernization: A Documentary History of Education in the People's Republic of China, 1977-1986* (New York: AMS Press, 1987), 31.

² Suzanne Pepper, *China's Education Reform in the 1980s: Policies, Issues, and Historical Perspectives* (Berkeley, CA: Institute of East Asian Studies, UC Berkeley, 1990), 128-161.

³ Bai Limin, "Graduate Unemployment: Dilemmas and Challenges in China's Move to Mass Higher Education," *The China Quarterly* 185 (2006). 130.

⁴ Zha Qiang, "Understanding China's move to mass higher education from a policy perspective," in *Portraits of 21st Century Chinese Universities: In the Move to Mass Higher Education*, edited by Ruth Hayhoe, Jun Li, Jing Lin and Qiang Zha (Hong Kong: Comparative Education Research Center, 2011), 32.

speed and scale. Examining the origins of this rapid enrollment growth, this thesis argues that it is best understood not as a natural phenomenon of the market economy, nor as an intentional policy outcome, but rather as a byproduct of the structure of the Chinese state—namely, its increasing decentralization and fragmentation.

While enrollment expansion in 1999 was officially explained as an investment in human resources and a way to make China more internationally competitive, this was not the most basic source of the proposal. Wang Qinghua and other researchers have investigated the policy's background in the internal politics of the Chinese Communist Party, writing that a more direct impetus for the decision was the looming Asian Financial Crisis.⁵ Although the crisis started in 1997, it was slowly spreading throughout the region and threatened to reach China next—indeed, although China was less hard-hit than some of its neighbors, its GDP growth rate fell from 9.6% in 1998 to only 7.8% in 1999.⁶ In anticipation of this looming financial crisis, the government sought to stimulate domestic consumption in order to decrease reliance on the faltering export market. At the same time, China also implemented reforms privatizing many of its state-owned enterprises; this led to high levels of unemployment, provoking the fear of social unrest.⁷

Against this backdrop, Asian Development Bank economist Tang Min submitted an open letter to top Party leaders, calling for a radical increase in university enrollment as a cost-effective way of both decreasing unemployment and stimulating domestic consumption. Published in the Chinese periodical *Jingjixue Xiaoxibao* (Economic

⁵ Wang Qinghua, "Crisis Management, Regime Survival and 'Guerrilla-Style' Policy-Making: The June 1999 Decision to Radically Expand Higher Education in China." *The China Journal*, no. 71 (2014): 132-152; see also Min Weifang and Wen Dongmao, *Xueshu de liliang: Jiaoyu yanjiu yu zhengce zhiding* (The Power of Scholarship: Educational Research and Policy-Making) (Beijing: Peking University Press, 2010), Chapter 4

⁶ Min and Wen (2010)

⁷ Ibid.

Highlights) in February 1999, his proposal concentrated on preserving stable economic growth in the face of the looming Asian Financial Crisis.⁸

In his article, Tang Min recommended that the government double university enrollments over the following three to four years, increasing from 2 million to 4 million students. Furthermore, these new students were to be fully self-funded, with their annual tuition raised to 10,000 RMB—about 4-6 times the 1998 cost.⁹ Tang Min estimated that doubling university enrollment could stimulate roughly 100 billion RMB (17.2 billion USD) through increased tuition, in-school spending, and consumption in related sectors. Together, these effects could add half a percentage point to China's GDP. Enrollment expansion would also temporarily alleviate employment pressure by delaying high school graduates from entering the job market, thus reducing unemployment by as much as one third. Keeping unemployment under control, at least for the time being, would be especially important to mitigate the effects of the Asian Financial Crisis.¹⁰

While Tang Min's article explicitly warned against hasty, unprepared, or disconcerted policy action,¹¹ the CCP leadership did not take heed of this caveat. As Wang Qinghua describes, top Party leaders pushed the policy through with alarming rapidity, showing little consideration for the opinions of the Ministry of Education (MOE) or experts in the education field.¹² Ji Baocheng, chief of MOE's Department of Development and Planning, put together a research team at Peking University to investigate the proposal's feasibility and economic efficacy. The policy process was so

⁸ Tang Min and Zuo Xiaolei, "Kuoda gaoxiao zhaosheng liang yi bei: guanyu qidong zhongguo jingji youxiao tujing de sixiang" (Recommendation to double the size of higher education enrollment: Thoughts on an effective way to stimulate the Chinese economy). *Jingjixue Xiaoxibao*, February 1999.

⁹ Zhu, Jian. "Gaoxiao kuozhao heyi shishi: Jiyu 'ziyuan xishi moxing' de jieshi" (How higher education expansion was implemented: An explanation based on the 'resource dilution model'). *Zhongguo Gaozhi Gaozhuan Jiaoyu Wang* (2011).

¹⁰ Tang Min, "Kuoda gaoxiao zhaosheng liang yi bei"

¹¹ Ibid.

¹² Wang Qinghua, "Crisis Management, Regime Survival and 'Guerrilla-Style' Policy-Making"

rushed, however, that by the time this research team completed its report in early June, top CCP leaders had already made their decision. Not even Chen Zhili, Minister of Education, was able to conduct the intended feasibility studies in time.¹³

As a direct intervention by the top leaders of the Chinese Communist Party, university enrollment expansion represented a significant challenge to the MOE's authority over education policy. The MOE continuously opposed the new policy until its official announcement in late June 1999. Wang Qinghua frames the 1999 decision in terms of crisis management on the part of the regime, reporting that over the course of the policy process for university expansion, top CCP leaders "ignored opposition from the MOE, overturned established policies and assumed *de facto* control over MOE bureaucratic power."¹⁴ The main goal of this policy intervention was to avoid economic disaster; as far as top leaders were concerned, "the side effects on higher education were of secondary importance when the Party ... rule was threatened."¹⁵

Although the MOE was obligated to take the Party line and even publicly affirmed the decision, internally, its attitude toward the rapid expansion policy remains unclear. With Chinese universities already struggling financially, putting even more stress on the higher education system's limited material and human resources was not an appealing prospect. Compelled to enact rapid enrollment expansion against its better judgment, the MOE would presumably wish to expand as little as possible while still meeting the demands of the Party leadership—and yet, despite the undesirability and massive scale of Tang Min's proposal, it actually fell short of reality. Rather than requiring four years to double in size, recruitments more than doubled in only two years;

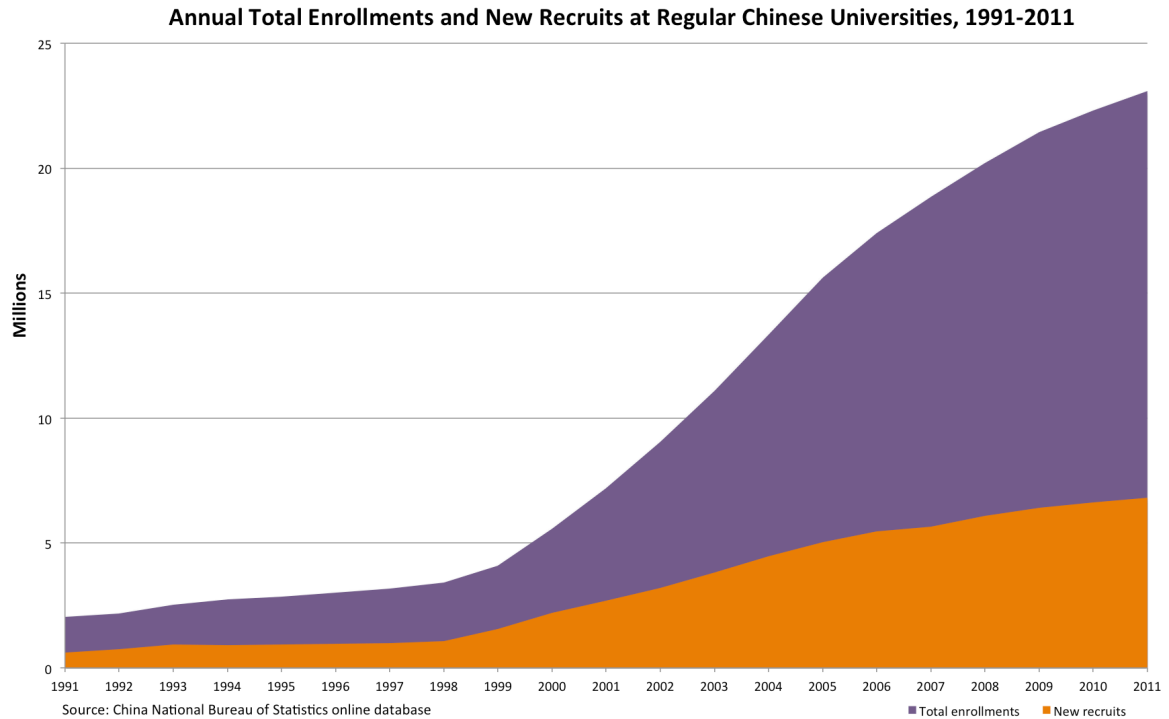
¹³ Ibid., 150.

¹⁴ Ibid., 134.

¹⁵ Ibid., 151.

not only was the initial surge of enrollments much greater than Tang Min recommended, university growth also continued well into the following decade.

Figure 1.1



This explosion of higher education, shown in Figure 1.1, has had ripple effects throughout Chinese society, with many regarding it as a response to long-held concerns about the inequality and inadequacy of the Chinese university system. Despite its own misgivings, MOE has often publicly boasted about the extraordinary growth, such as in 2008, when China’s university student body became the largest in the world in absolute numbers.¹⁶ Notwithstanding these achievements, enrollment expansion has had a darker side. Its social and economic repercussions are frequent topics of both popular and academic discussion. The well-known author Yu Hua compared the enrollment campaign to the Great Leap Forward—a rash and irresponsible endeavor, with many potential

¹⁶ Zha Qiang, “Understanding China’s move to mass higher education,” 27.

crises lurking behind the “glorious statistics” of expansion numbers.¹⁷ Chief among these is the unemployment of college graduates, which has soared in recent years as the job market has become increasingly saturated with degree-holders.¹⁸

The continued rapid expansion of Chinese university enrollments far into the 2000s has had a number of harmful effects not just in the job market, but also within the education system itself. Many of the worst problems in Chinese higher education today are a direct result of this extended period of massive enrollment expansion. Perhaps most dangerous for universities’ long-term sustainability is the huge debt they have taken on in order to pay for expansion, which Yu Hua placed at around 200 billion RMB.¹⁹ Academic Cao Shujiang arrived at the even more alarming estimate of 458 billion RMB, an amount which, even if enrollment growth stopped completely, would still take universities over seventeen years to pay back in full.²⁰ Besides institutional debt, the increased size of the student body has also put a severe strain on educational resources, undoing years of MOE work focusing on education quality. Furthermore, despite the growth in the total number of university students, Chinese higher education retains a high degree of elitism and inequality. Top-tier universities remain small and selective, leading to severe competition and test-oriented teaching in primary and secondary education. Significant inequality also exists along regional, urban/rural, gender, and ethnic lines.²¹

Scholars such as Ruth Hayhoe have made considerable progress researching the evolution of the higher education system since rapid enrollment expansion began. The

¹⁷ Yu Hua, *China in Ten Words*, trans. Allan H. Barr (New York: Anchor Books, 2011), 119.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Cao Shujiang, “Woguo putong gaoxiao zhaiwu wenti yanjiu” (A study on the debt issue of regular institutions of higher education in China). *Gaodeng Jiaoyu Yanjiu* 17, no. 2 (2012): 63-67.

²¹ W. James Jacob, “Social justice in Chinese higher education: Regional issues of equity and access.” *Review of Education* 52 (2006):149-169.

final chapter of her edited volume describes a trend in which the state retains and reinforces control of “knowledge production,” while management is allowed to decentralize.²² While Hayhoe and her co-authors give a great deal of attention to the former phenomenon, they do not deeply discuss the implications of the latter, concurrent trend of administrative decentralization. Rather, their research is chiefly concerned with the identification of “an emerging Chinese model of the university” based upon the country’s long cultural tradition of scholarship and learning.²³ They carry out extensive research of a number of well-known Chinese universities, providing a holistic social, cultural, and administrative history for each one; they intentionally limit their study to prestigious “key” universities, even though the vast majority of enrollment expansion took place in lower-tier undergraduate and technical institutions. Although enrollment expansion forms the most basic context for the work of Hayhoe et al., its deeper causes are only briefly examined in one chapter. This focus on the effects of expansion rather than its causes is typical of the academic literature.

This gap could be due to the lack of documentation and general difficulty of researching the internal workings of the Chinese state. Short of engaging in time-intensive field work projects, in general the only resources available are those provided by the Chinese government itself. China’s statistical self-reporting is not known for its accuracy; the public documentation of its policies and procedures is far from complete. Enrollment expansion continued well beyond what would have been thought possible in 1999, but few if any scholarly works make it a primary aim to formulate a convincing account of exactly what was happening during this protracted period. This thesis

²² Ruth Hayhoe et al., *Portraits of 21st Century Chinese Universities: In the Move to Mass Higher Education* (Hong Kong: Comparative Education Research Center, 2011), 462.

²³ Ruth Hayhoe and Yan Fengqiao, “China’s Universities in the Move to Mass Higher Education: The Search for Equality, Quality and Diversity.” *Frontiers of Education in China* 5, no. 4 (2010): 469.

undertakes the task of making just such an account, but rather than attempting to find a single conclusive explanation for enrollment expansion, I make use of clues and indirect evidence in the sources that are publicly available, following the structure of a process of elimination to examine three candidate theories.

Confronted with the astronomical growth seen in Figure 1.1, one potential explanation is that Tang Min's proposal led to the discovery of a massive untapped market for higher education. Although there is good reason to believe that market forces of supply and demand play an increasingly important role in the Chinese university system, I demonstrate in Chapter 2 that macroeconomic influences alone are not sufficient to explain rapid enrollment expansion. Another possible explanation may be that the MOE had a change of heart, and once the decision was made, leaders of the education bureaucracy put their full efforts into the project of university expansion. In Chapter 3, however, I present evidence that in fact the opposite is true: for most of the 2000s, the MOE actively tried to restrict enrollment growth, to no avail.

If expansion was caused neither by macroeconomic factors nor by central planning, then how did it happen? In Chapter 4, I discuss the "fragmented authoritarianism" that has resulted from China's political, bureaucratic, and fiscal decentralization, as described in a large body of academic literature. Seldom has this analytical framework been used to study to China's university system in particular; although Chinese scholars have applied relevant concepts to the university debt crisis, none go so far as to say that expansion itself was a result of such factors. Drawing on this literature for theoretical support, and using official government data and MOE policy papers as primary evidence, Chapter 5 proposes that the lion's share of Chinese higher education expansion resulted from the central government's lack of effective control over lower-level cadres at local governments and individual universities. I argue that the

MOE's basic lack of control over local cadres played a decisive role in the rapid enrollment expansion of Chinese universities, a role that can only be understood in the context of fragmented authoritarianism.

CHAPTER 2

TESTING ECONOMIC INFLUENCES ON ENROLLMENT GROWTH

2.1—Competing Explanations: Market Economy or State Planning?

The Chinese government's June 1999 announcement of the plan to increase enrollment by 44% from the previous year was a major departure from higher education policy throughout the 1980s and 1990s.¹ The Ministry of Education's decades-long effort to build up the quality of the university system was seemingly set aside overnight in favor of the new focus on expanding enrollment numbers. Enrollment expansion on the scale of Tang Min's proposal would be a tremendous undertaking, considered by some experts to be logistically impossible.² And yet, as described in Chapter 1, the ambitious goal set out in Tang Min's proposal—to double university enrollments in two to three years—was not only achieved, it was *exceeded* significantly. By 2008, China had the largest university student body in the world in absolute numbers, at 29 million students; today the Chinese higher education system has nearly eight times the number of students it did in 1998.³

Initial attempts to explain this rapid enrollment expansion might fall into one of two camps. Either universities grew in response to high economic demand from Chinese society; or enrollment expansion was an intentional policy outcome coordinated by the MOE. The dichotomy between market economics and central planning is one that appears often in the Chinese context, and both explanations have their merits. In the next two chapters, however, I provide evidence challenging both of these hypotheses one at a

¹ Zha, "Understanding China's move to mass higher education," 27.

² Wang Qinghua, "Crisis Management, Regime Survival and 'Guerrilla-Style' Policy-Making," 148.

³ Zha, 32.

time. Eliminating these two competing views is necessary before moving on to a more novel explanation based upon decentralization and fragmented authoritarianism.

The hypothesis that universities expanded enrollments in response to economic demand from the Chinese people appears to be a promising one, fitting nicely with Tang Min's proposal. His article contended that there was a huge untapped market for higher education in Chinese society as a result of its Confucian heritage, the one-child policy, and increasing competition in the job market. Indeed, one of Tang Min's main arguments had been that improving access to universities would be one of the few effective ways to entice frugal Chinese consumers to withdraw their savings and spend it on the economy. Education being in such high demand among Chinese parents, Tang Min maintained that the majority of the Chinese population would be both willing and able to undertake the total cost of a university education.⁴ As discussed in this chapter, this explanation is lent additional credence by Chinese higher education's market reforms, which meant that increasing enrollments was one of the primary ways of increasing revenue. A main problem with the market-economy argument, however, is the fact that Chinese universities undertook such large debt over the course of expansion, which would be difficult to explain if increasing enrollments were indeed a profitable economic activity. A linear regression analysis is used to test enrollment expansion's relationship with macroeconomic factors, finding no statistically significant correlation.

2.2—Market Reforms of Chinese Higher Education

In the years leading up to enrollment expansion, a number of higher education reforms were implemented as part of China's transition to a more market-based economy. One such market reform was the phasing out of the job allocation system (*fenpei zhidu*).

⁴ Tang Min, "Kuoda gaoxiao zhaosheng liang yi bei"

Under the planned economy, college students received the rank of government cadres upon graduation, and were automatically assigned employment by the state. Once economic liberalization began in earnest in the 1980s, however, an open job market emerged alongside the previous assignment system. By the 1990s, the *fenpei* system had become redundant, and higher education was now an individual investment rather than the state's personnel training ground.⁵

Beginning in the early 1990s, the government also began allowing Chinese universities to charge tuition and fees. Starting in 1997, all universities were required to charge tuition.⁶ This “user-pays” policy was integral to the university system's adaptation to the new market economy. The cost of tuition varied dramatically by location, university, and field of study; in general, variation in regional tuition cost reflected local economic conditions, but this was not always the case. Zhao and Rong provide statistics showing a typical yearly increase in nationwide average tuition of around 15-20% from 1993 to 2004. Interestingly, the sharpest rise was in 1999, when average tuition increased 40.4% from 1,974 RMB to 2,769 RMB.⁷ By 2007, average tuition had reached 5,986 RMB, which exceeded one third of the GDP per capita in all but the wealthiest provinces. According to a 2004 article, “out of control” universities regularly exceeded tuition guidelines set by the central government—so that the cost of a typical university education was rising much faster than China's average annual income.⁸

⁵ Zha, 46.

⁶ Ibid., 47.

⁷ Zhao Juhui and Rong Shulong, “Woguo gaodeng xuexiao xuefei biao zhun yu jumin shouru shuiping, GDP de zengzhang fenxi” (An analysis of the relationship between tuition fees in higher education and the income of residents or the increase of GDP per person in China). *Liaoning Normal University Social Science Journal* 31, no. 3 (2008): 59-61.

⁸ Zhang Yan, “Daxue xuefei zengzhang ji gao, zhangfu shibeiyu jumin shouru zengzhang” (University tuition rising with abnormal speed, 10 times faster than average income). *Chutian Dushi Bao* (Wuhan), September 8, 2004.

Although universities were encouraged to diversify their sources of revenue by seeking more support from society and taking on profit-making activities, in reality, the accompanying decline in government investment only forced universities to charge higher tuition and fees—and when this income was not sufficient, to accrue heavy debt.⁹ Chinese scholar Cao Shuijiang estimated the combined debt of all Chinese universities to be 458 billion RMB in 2009, an amount that would require seventeen years to repay even if enrollments stayed the same. He ascribed primary responsibility for this debt to the launch of enrollment expansion in 1999 and the accompanying wave of construction projects needed to accommodate the new students.¹⁰

The marketization of the Chinese university system might seem to indicate that individual universities expanded enrollments because it was in their own economic self-interest. This hypothesis is strengthened by the fact that government funding to individual universities, another main income source, was also allocated based upon enrollment size.¹¹ Adding additional students thus meant not only more income from tuition and fees, but also more financial support from the government. On the other hand, the immense size of universities' institutional debt suggests that not only was enrollment expansion not profitable, it was extremely expensive to accommodate the new students. Enrollment expansion being costly to individual universities would mean that rather than a means of generating revenue, it should be regarded as a government policy to be implemented, despite the cost.

This question is crucial to the validity of the market hypothesis—if it were profitable to do so, Chinese higher education would expand to match demand,

⁹ Ding Xiaohao et al., “Thirty years of reforming China’s higher education funding mechanism,” in *Higher Education Reform in China: Beyond the Expansion*, edited by W. John Morgan and Bin Wu (New York: Routledge, 2011), 86, 89.

¹⁰ Cao Shuijiang, “Woguo putong gaoxiao zhaiwu wenti yanjiu,” 65.

¹¹ Zha, 47.

particularly where existing infrastructure made such expansion more affordable. This market-regulated expansion would not necessarily be the case, however, if the cost of expansion exceeded the additional revenue to be gained. In the next section, I use linear regression analysis to test university enrollment expansion's relationship with several economic factors. My findings reveal no significant correlation, suggesting that there were other forces at work than supply and demand.

2.3—Explanation of Statistical Models

Before running the regression analysis, this section first outlines three candidate models as to how economic factors played into expansion. These three hypotheses include economic demand, institutional capacity, and financial incentive; the explanations are not contradictory and the models could conceivably all have an element of truth. As described in the regression results, however, the data reveals that even together, the three models are insufficient to explain either the rapid growth rate of higher education enrollment or its peculiar pattern.

Most of the data for this analysis comes from China's National Bureau of Statistics, with additional information from the *Education Finance Statistical Yearbooks* on spending and revenue. For both of these sources, the unit of analysis is the province, which I have compiled in a panel data format. Although analysis on the level of individual institutions would also be of interest to this study, such information is not generally available—while some universities do publish yearly statistical yearbooks with relevant information, these tend to be higher-tier institutions, introducing a strong selection bias. An analysis of provincial-level data still allows the examination of trends in higher education, albeit only in broad geographic terms.

The first model to be tested is the hypothesis that higher education expansion occurred primarily where there was greater demand. “Fulfilling parents’ dreams for their children” and “meeting the ardent demand for higher education” are consistently listed as a leading justification for the expansion policy.¹² If enrollment expansion followed simple market economy principles of supply and demand, it would have happened more in areas where there remained a lack of access to higher education despite relatively wealthy residents. To test this model, three explanatory variables can be used. The first, GDP per capita, measures the income level of each province. The other two measure higher education access by looking at universities per head of population and college students per head of population. The hypothesis for this model predicts that enrollment expansion ought to have a positive correlation with GDP per capita, but a negative correlation with measures of access to higher education.

Table 2.1
Hypothesis 1: Economic demand

Explanatory variable	Predicted correlation with enrollment growth
GDP per capita	Positive
HEIs / population	Negative
HE students / population	Negative

The second hypothesis is that expansion rate depended upon the capacity of existing higher education infrastructure. In areas where higher education was more developed and better supported, schools had greater ability to expand enrollments due to being more institutionally prepared and having more resources. This institutional capacity can be measured by looking at three explanatory variables: higher education spending per student, number of teachers per student, and the proportion of universities belonging to

¹² Gaige kaifang 30 nian Zhongguo jiaoyu gaige yu fazhan keti zu (Research Team on China’s Educational Reform and Development in the Last Thirty Years), *Jiaoyu daguo de jueqi 1978–2008* (The Rise of the Country through Education 1978–2008) (Beijing: Jiaoyu Kexue Chuban She, 2008), 191.

the better-funded elite university projects. According to the hypothesis, enrollment expansion should have a positive correlation with all of these variables.

Table 2.2
Hypothesis 2: Institutional capacity

Explanatory variable	Predicted correlation with enrollment growth
HE spending / student	Positive
Elite universities / total	Positive
Teachers / students	Positive

The third and final hypothesis is that schools were financially incentivized to increase their enrollments, with two factors contributing simultaneously. The first is that universities could gain more revenue by charging tuition and fees. If this were the case, the percentage of revenue coming from tuition and fees would presumably have a positive correlation with enrollment expansion. The other potential incentive is that by expanding enrollments, universities could also secure more government support than they would otherwise receive. The amount of government appropriations to universities—which still makes up a large part of higher education funding in China—is determined primarily by enrollment size.¹³ This effect can be indirectly estimated by looking at the percentage increase in government funding. A positive correlation between increased funding and enrollment growth would be consistent with this hypothesis.

Table 2.3
Hypothesis 3: Financial incentive

Explanatory variable	Predicted correlation with enrollment growth
% revenue from fees	Positive
% increase of government funding*	Positive

*No year-lag, unlike other explanatory variables (see below).

For all of the models, the dependent variable is regular higher education institutions' growth rate of new enrollments—in other words, the percentage increase

¹³ Zha, "Understanding China's move to mass higher education," 47.

from last year in new students recruited this year. Although other measures of expansion would be possible, such as growth of the entire student body size, this measure is chosen because it is the most direct reflection of decisions being made by university administrators on a yearly basis. Since these decisions would be based on the previous year's economic or financial situation, the explanatory variables are all lagged by one year—that is, last year's input affects this year's output. The exception is the percentage increase of government funding. It is assumed that university administrators would make a decision to expand enrollments in anticipation of a corresponding increase in allocations, as they have more information regarding how the state financial apparatus determines funding based on enrollment numbers.

2.4—Regression Results and Analysis

The relationship between enrollment growth rates and the eight explanatory variables listed above can be tested using multiple regression analysis in SPSS. Since the models are not mutually exclusive and could each be relevant, looking at all three in the same regression allows for the best possible predictive power. A preliminary correlation test revealed a statistically significant correlation between GDP per capita and university students per 10,000 people; to avoid multicollinearity, these two variables cannot both be included in the same calculation. Therefore, two separate regressions have been run. Provincial and yearly dummy variables were used to control for fixed effects. Table 2.4 shows the results. A table of descriptive statistics for all the variables used may be found in Appendix 1.

Table 2.4

Regression Results for Dependent Variable: Annual Growth Rate of New Enrollments

	Variable	Regression 1		Regression 2	
		B	Sig.*	B	Sig.*
Hypothesis 1: Economic demand	GDP per capita	0.000	0.405		
	HEIs / population (mil)	0.003	0.909	0.014	0.592
	HE students / pop. (10k)			-0.001	0.196
Hypothesis 2: Institutional capacity	HE spending / student	0.000	0.120	0.000	0.110
	Elite universities / total	0.059	0.842	0.068	0.817
	Teachers / 100 students	0.024	0.124	0.016	0.327
Hypothesis 3: Financial incentive	% revenue from fees	-0.360	0.191	-0.314	0.214
	% increase govt funding	0.169	0.126	0.143	0.199

Source: China National Bureau of Statistics; Education Finance Statistical Yearbooks

*No values are significant at the 10% level.

Despite the plausibility of each of the candidate hypothetical models, the results show that even giving the p-value (significance) a generous threshold of 0.10, there is no statistically significant correlation between the explanatory variables and growth rate of new enrollments. In other words, the data fails to reject the null hypothesis that the listed variables had no demonstrable effect on enrollment expansion at the provincial level. These results lend support to the conclusion that despite the marketization of the Chinese higher education system, enrollment expansion was not profitable, and therefore was not strongly affected by supply and demand.

It is true that the lack of significance could be the result of using provinces rather than individual universities as the unit of analysis. However, the hypotheses used to generate these models—especially the first two—seem to be of a nature that would affect not only single institutions, but also large geographic areas. GDP per capita, access to higher education, and development status of existing universities are all important characteristics of the macroeconomic environment. Similarly, while the financial incentive variables might affect individual institutions unequally, the lack of geographic correlation with expansion challenges this hypothesis as well. Simply put, if enrollment

expansion fit neatly into a macroeconomic framework based on geographic differences, one would expect to see evidence for such a relationship in the data.

Even though Chinese higher education was becoming more marketized, drawing more of its revenue from extra-government funding sources such tuition and fees, enrollment expansion still seems to have been costly rather than profitable. Any additional revenue that universities could gain from increasing their enrollments was smaller than the cost of expansion; the amount of additional revenue seems to have had no bearing on the rate of enrollment growth. Enrollment expansion was not something universities were doing in order to make money, but rather a government policy to be implemented in spite of the cost. Thus, the regression analysis shows that in order to explain rapid enrollment expansion, it is necessary to look beyond market factors in the following chapters.

CHAPTER 3 EVALUATING THE CENTRAL PLANNING HYPOTHESIS

3.1—MOE: Central Authority in a Decentralized State

As discussed in Chapter 2, while the pace of enrollment expansion far exceeded initial 1999 goals and continued expanding for several more years, this rapid growth cannot be explained as a natural phenomenon of the market economy. A plausible alternative is central planning, especially since China has a history of a planned economy and the government still plays an active role in many strategic sectors. This chapter evaluates the central planning hypothesis, finding it to be insufficient as well. Rather than being a product of central planning, Chinese university expansion can best be characterized as an uncontrolled phenomenon that the MOE was powerless to stop.

In this chapter, I first look at how the MOE's changing rhetoric in the aftermath of the 1999 policy announcement could give the impression that expansion was coordinated by the central government; I then describe how decentralization affected the university system, casting doubt on this impression. Official data reveals enrollment expansion's haphazard and damaging effects, especially in terms of the increasing stratification of higher education. Finally, I compare MOE yearly enrollment targets with actual recruiting numbers over the period from 1999 to 2007. Together, this information is strong evidence that rather than planning or coordinating enrollment expansion nationwide, the Ministry of Education was actually trying to slow it down, in part in order to counter stratification and salvage the quality of higher education.

Chapter 1 showed that the MOE was initially opposed to top Party leaders imposing the enrollment expansion for their own reasons. Despite being sidelined in this

manner, however, the MOE kept such internal frictions out of the public view, yielding to the Party's leadership and presenting a united front once it became clear that the decision was final. When announcing the expansion policy, the MOE preferred to explain it in terms that were more palatable to the public than Tang Min's proposal, which was essentially to use higher education as a tool for economic stimulus. Prominent among these official explanations for expansion was that it would be a response to "the widespread and ardent longing of the masses for their sons and daughters to receive higher education, [which] the government has a responsibility to do all in its power to satisfy."¹ Authorities also emphasized the importance of a strong university system in order to compete with other countries economically and culturally.²

Perhaps most important to the expansion policy's public relations campaign was the way it was couched in terms of a triumphant shift from "elite higher education" to "mass higher education," which according to international consensus would be marked by a gross participation rate of 15% of the college-aged population.³ The MOE set 2010 as the date by which to reach this threshold—a transition which would be a significant milestone not just in higher education policy but in China's modernization, development, and competitiveness on the global stage.⁴

It is possible that the MOE's public support for university expansion was more than just rhetoric given the rapid pace of enrollment growth. As expansion continued, the goal of achieving the 15% participation rate soon moved back to 2005, and was finally achieved in 2002—only three years after the announcement of the expansion policy, a

¹ Gaige kaifang 30 nian Zhongguo jiaoyu gaige yu fazhan keti zu, *Jiaoyu daguo de jueqi 1978–2008*, 191.

² Ibid.

³ Zha, 27; according to World Bank data for 1999, this is compared with a participation rate of around 8% in India, 50% in Russia, and 72% in the United States at the time.

⁴ Gaige kaifang 30 nian Zhongguo jiaoyu gaige yu fazhan keti zu, *Jiaoyu daguo de jueqi 1978–2008*, 191.

full eight years ahead of schedule.⁵ As Chapter 2 showed, this rapid expansion cannot be explained by market forces alone. Did the MOE have a “change of heart” from its initial opposition to enrollment expansion, deciding to put its full force into the effort to achieve “mass higher education”? In order to evaluate this theory, it is necessary first to look at the MOE’s changing role in the Chinese state.

As an office of the State Council, the Ministry of Education is the leading bureaucratic institution in charge of day-to-day activities related to Chinese education policy, including research, decision-making, national implementation, and evaluation; it has the authority to issue regulations which carry the force of law, second only to legislation passed by the National People’s Congress (NPC). Lower-level governments can make their own clarifications and adjustments, but at least on paper, their implementation of national education policy is legally required to follow MOE regulations.⁶

In reality, however, the power of local governments over higher education increased significantly as a result of the *de jure* administrative decentralization of the higher education system, which took place mostly between 1999 and 2002. Whereas previously nearly all higher education institutions had been under the direct administration of either the MOE or other central ministries, they were gradually transferred to provincial or municipal jurisdiction.⁷ According to MOE statistics, the number of institutions under the administration of local governments grew from 759 in 1998 to 1,154 in 2002. Meanwhile, the number of institutions directly under the control of central ministries and agencies fell from 263 to 111 over the same period. Of the 111

⁵ Zha, 27.

⁶ Xu Xiaozhou and Mei Weihui, *Educational Policies and Legislation in China* (Hangzhou: Zhejiang Daxue Chubanshe, 2009), 33-37.

⁷ Li Lixu, “China’s higher education reform 1998-2003: A summary.” *Asia Pacific Education Review* 5.1 (2004): 15

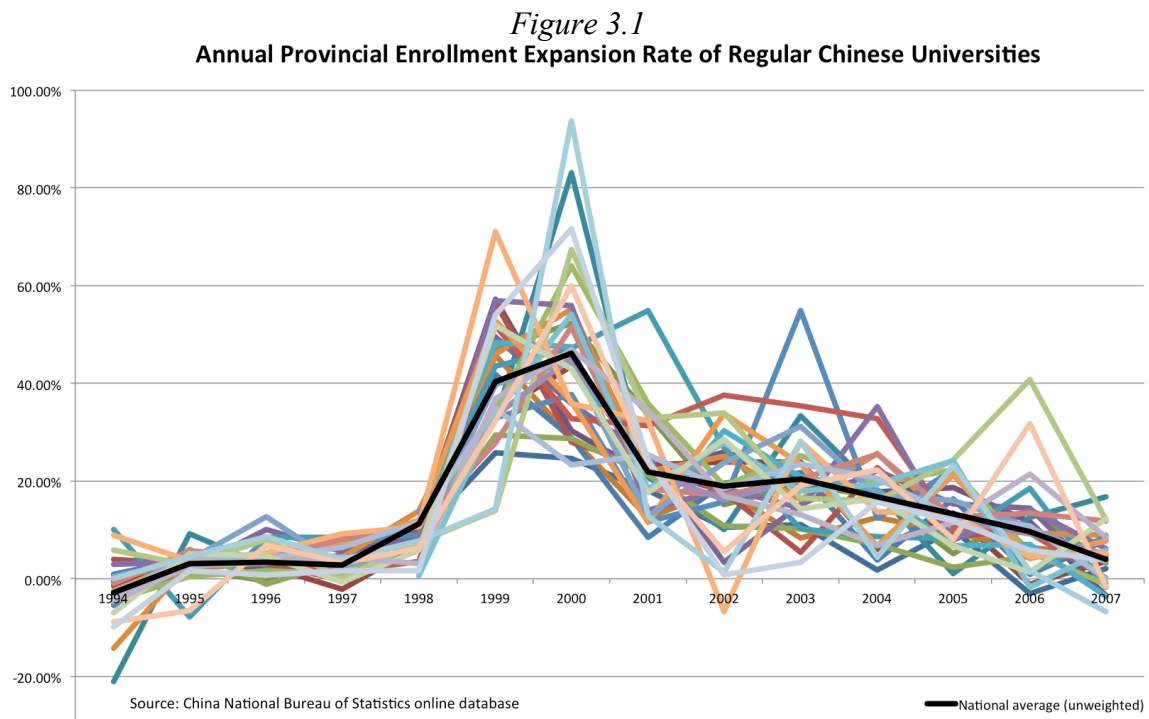
centrally administered universities in 2001, only about a third were run by agencies outside the MOE.⁸ While this process coincided with the years of rapid enrollment growth, there does not appear to be a relationship between the two from a policy-making standpoint.

The process of decentralization allows local governments to wield a great deal of influence over education policy within their jurisdiction; moreover, as later chapters describe in more detail, these local government authorities often have their own priorities putting them at odds with the MOE. Because of decentralization, it seems unlikely that the Ministry of Education would have had the administrative capability to carry out a project as massive as rapid enrollment expansion. In the next section, I suggest that despite the MOE's rhetoric in support of the transition to "mass higher education," central planning played no role in actual enrollment growth. Enrollment expansion took place with no apparent plan or pattern, and the harm it caused to education quality, particularly the student-teacher ratio, is completely uncharacteristic of MOE policy. Furthermore, expansion resulted in a highly stratified higher education system in which a minor proportion of universities maintained their small enrollment size and elite status. The majority of enrollment growth, meanwhile, took place at lower-tier schools which were significantly less prepared for the burden. The Ministry of Education would have had neither the desire nor the administrative capability to implement such a stratified version of enrollment expansion, making this inequality another argument against central planning. Finally, I compare the MOE's yearly national enrollment plans with actual recruiting numbers, revealing a significant gap between central policy goals and the reality of implementation.

⁸ Ministry of Education of the People's Republic of China, "Putong gaodeng xuexiao jiben qingkuang" (Basic statistics of regular higher education institutions). MOE online database, 1998, 2002.

3.2—Unbalanced Higher Education Development

In 1999, the first year of rapid enrollment expansion, the number of new enrollments in Chinese universities was about 43% higher than what it had been the year prior. The year 2000 saw another 42% increase—compounded together, these two years more than doubled the annual number of new recruitments.⁹ After these two years of rapid expansion, the growth rate slowed to the 20% range, falling gradually every year until it reached pre-1999 levels again in 2007, as can be seen in Figure 3.1. Enrollment numbers since 2007 have been much more stable, with recruitments typically expanding at 5% or less.



The tangled appearance of Figure 3.1 also suggests that geographically, enrollment growth during this period did not follow much of a pattern. This is confirmed in Table 3.1, below, which shows the change in higher education development status for

⁹ National Bureau of Statistics of the People's Republic of China. Online database of national data: annual provincial indicators. <http://data.stats.gov.cn/>

each province between 1997 and 2007.¹⁰ Measured in number of universities and total enrollment size, the distribution of higher education resources does not seem to correspond either to population or to the level of economic development; this was previously implied in Chapter 2, but here it can be seen more clearly. The perception of this lack of pattern is reinforced by the fact that the distribution of universities does not necessarily correspond with that of the students themselves.

Table 3.1
Changes in Geographic Distribution of Higher Education, 1997-2007

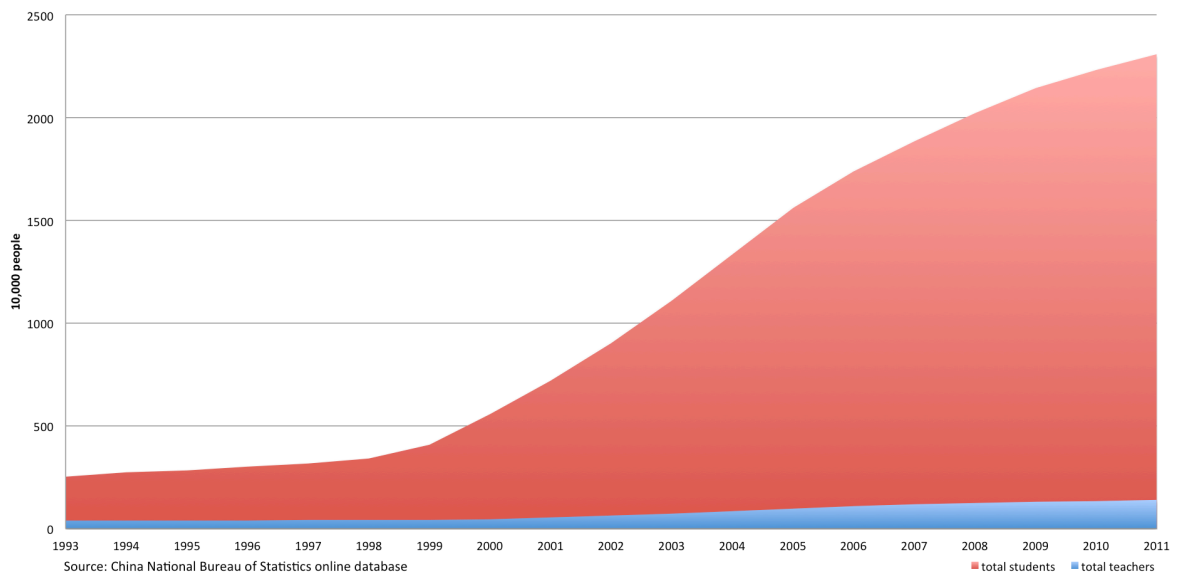
Region	Province	Number of Regular Universities			Total Reg. University Enrollments		
		1997	2007	Avg. yearly growth rate	1997	2007	Avg. yearly growth rate
North	Beijing	65	79	1.9%	19.58	57.82	9.9%
	Tianjin	65	118	5.8%	7.36	37.11	13.4%
	Hebei	62	79	2.4%	13.60	93.05	14.9%
	Shanxi	54	86	4.6%	7.11	48.45	14.9%
	Inner Mongolia	50	82	4.8%	4.02	28.41	15.0%
North-East	Liaoning	48	110	7.8%	18.82	77.78	12.2%
	Jilin	46	88	6.3%	11.02	47.02	12.4%
	Heilongjiang	46	99	7.3%	11.60	63.49	13.8%
East	Shanghai	43	76	5.5%	15.38	48.49	10.4%
	Jiangsu	43	76	5.5%	23.90	147.23	14.4%
	Zhejiang	42	109	8.9%	10.23	77.80	15.4%
	Anhui	40	44	1.0%	9.60	73.05	15.4%
	Fujian	39	60	4.2%	7.81	50.95	14.7%
	Jiangxi	37	68	5.9%	8.91	78.17	15.9%
	Shandong	35	73	7.0%	17.59	144.04	15.6%
	Henan	34	89	8.9%	13.60	109.52	15.6%
Central-South	Hubei	31	66	7.2%	19.68	116.37	14.2%
	Hunan	30	72	8.2%	14.37	89.86	14.5%
	Guangdong	26	56	7.3%	17.47	111.97	14.6%
	Guangxi	26	51	6.5%	7.06	43.43	14.4%
	Hainan	24	59	8.4%	1.28	10.83	15.8%
	Chongqing	22	38	5.3%	8.06	41.37	13.5%
South-West	Sichuan	20	46	7.9%	14.05	91.84	14.7%
	Guizhou	20	37	6.0%	3.85	24.17	14.5%
	Yunnan	18	37	6.9%	5.74	31.11	13.8%
	Tibet	18	32	5.6%	0.32	2.68	15.7%
	Shaanxi	17	34	6.7%	14.10	77.65	13.9%
North-West	Gansu	6	11	5.9%	5.07	29.60	14.2%
	Qinghai	5	14	9.5%	0.82	3.77	12.9%
	Ningxia	5	13	8.9%	1.11	6.24	14.0%
	Xinjiang	4	6	4.0%	4.63	21.64	13.0%

Data from China's National Bureau of Statistics online database. Geographic regions from Jacob (2006).

¹⁰ Ibid.

Despite this apparently haphazard distribution, some observations can be made about the data in Table 3.1. Over this period, higher education generally developed in favor of eastern provinces like Shandong and Jiangsu, which in 2007 had student bodies six to eight times their 1997 size. This was not always the case, however—Beijing had been home to more universities than any other province in 1997, but by 2007 it ranked only twelfth. While Liaoning built a larger number of new schools, its enrollments did not increase as much as might have been expected from this growth. Provinces with the fewest universities and smallest enrollment sizes were all in western China during both of the years compared here, yet the number of universities in both Chongqing and Sichuan experienced significant growth, and Shaanxi had many more students than its neighbors Gansu and Ningxia.

Figure 3.2
Regular university student-teacher ratio, 1993-2011



The student-teacher ratio, shown in Figure 3.2, indicates the degree to which universities became more understaffed over the course of enrollment expansion. Nationwide, the number of teachers and staff employed at Chinese universities grew at a much slower rate than the number of students enrolled. In 1999, there were only 5% more

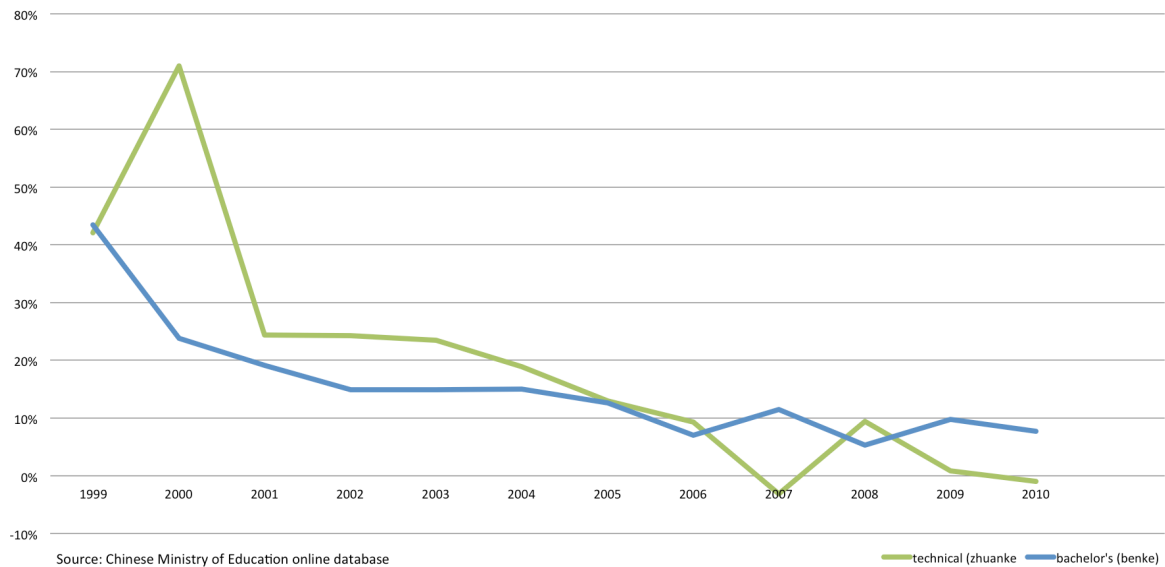
teachers than there had been in 1998, while there were 20% more total students; the following year, the number of teachers grew by 9%, while students grew by 36%. Not until 2006-2007 did teachers grow at a rate comparable to students. In the intervening time, as Figure 3.2 shows, in-school university students increased from 3.4 to 18.8 million, while teachers only increased from 0.4 to 1.2 million.¹¹ The stark difference between student enrollment growth and the increase in the number of teachers suggests a precipitous decline in the quality of Chinese higher education, something it is difficult to imagine being the result of MOE planning.

Another dimension of enrollment expansion is the distinction between four-year (*benke*) and two-year (*zhuanke*) degree-seeking students, similar to American bachelor's and associate's degrees, respectively. Students enrolled in technical *zhuanke* programs require lower scores on the national college entrance examination, and generally learn a specific, specialized skill set rather than receiving a comprehensive university education. Figure 3.3 (on the next page) shows that while in 1999, undergraduate *benke* and technical *zhuanke* programs expanded enrollments at similar rates of around 43%, the numbers for the following year are dramatically different. In 2000, technical *zhuanke* programs expanded new enrollments by over 70%; meanwhile, the enrollment expansion of undergraduate *benke* programs dropped down to 24%. Technical *zhuanke* programs continued to expand annual new enrollments faster than undergraduate *benke* programs, a trend that continued until 2006.¹²

¹¹ Ibid.

¹² Ministry of Education online database, 1998-2007.

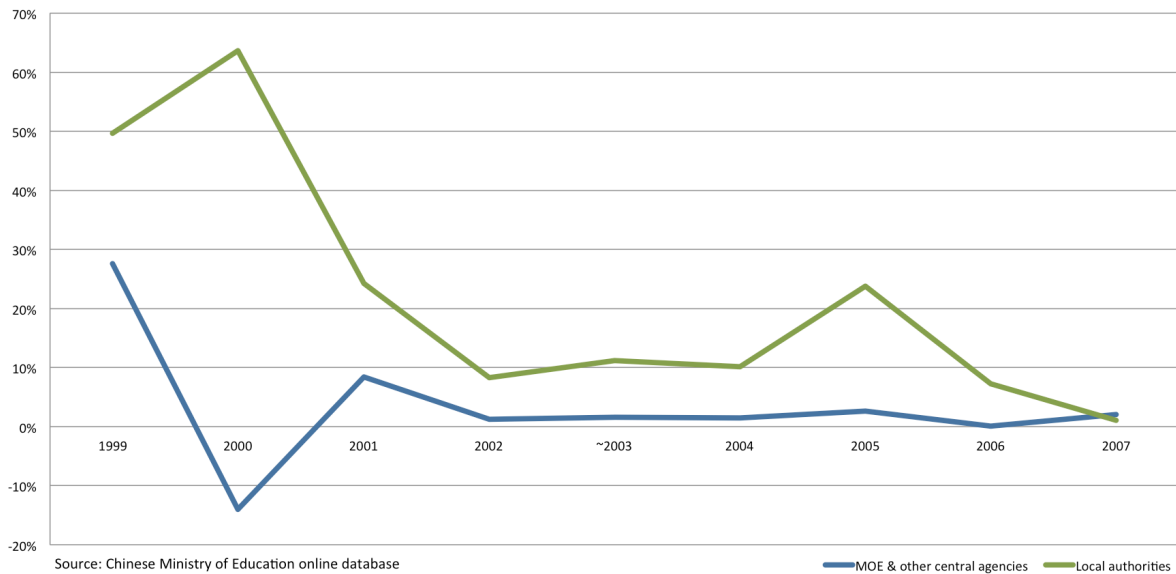
Figure 3.3
Annual Rate of Expansion by Degree Type



As decentralization continued and more schools were transferred from direct administration of the central government down to provincial and municipal levels, local institutions also expanded their enrollments much more quickly. This process can be seen in enrollment statistics available from the Ministry of Education, shown in Figure 3.4 (on the next page). In 1999, all centrally administered universities expanded at roughly 27%. Meanwhile, in the same year, locally-administered universities expanded new enrollments by nearly 50%. The difference was even more striking in 2000, when recruitments at locally-administered schools grew by more than 63%, while central universities actually decreased their number of new recruits. The process of decentralization in 1999-2000 obscures these figures somewhat, since locally-administered schools may merely have been receiving new schools transferred over from central administration. However, a similar trend continued from 2001 to 2007, after the decentralization process had been mostly completed. While higher education institutions under the administration of local authorities continued to expand enrollments, the growth rate of centrally-administered institutions has remained near 1% ever since 2002.

Figure 3.4

Annual Rate of Expansion by Administrative Unit



3.3—Making Sense of University Stratification

The expansion of local universities more than their centrally-administered counterparts, when taken together with the expansion of undergraduate *benke* enrollments more than technical *zhuanke* recruits, make up what Qiang Zha calls the “pyramid” shape of the Chinese higher education system. In this highly stratified and hierarchical structure, the bulk of enrollment expansion has taken place among the “lower echelons” of provincial and local institutions.¹³ A small number of elite universities, meanwhile, have maintained much lower enrollment growth rates. These top-tier institutions, all of which belong to specially-funded elite university programs, are the only ones with the resources to focus on research and education quality. While enrollments at these key national universities only expanded from 1.36 million in 1997 to 1.63 million in 2005,

¹³ Zha, 31.

lower-tier schools grew from 1.79 million to 11.89 million students over the same period.¹⁴

This pyramid-shaped structure is significant not only because it remains one of the defining features of the Chinese higher education system to this day, but also because it represents a pattern of enrollment expansion directly contradictory to that originally recommended by Tang Min. A major argument in Tang Min's proposal was that national key universities should expand enrollments more rapidly, as they alone had the resources and administrative capability to do so. Tang Min's assumption that China's well-funded elite universities would bear most of the load of enrollment expansion was crucial to his calculations regarding the feasibility of implementation.¹⁵ Yet through the formation of the "pyramid" structure, it can be seen that China's unprecedented, massive expansion of enrollments took place primarily at the institutions that were the least prepared to deal with the burden.

Given the status of the expansion policy as originating outside the Ministry of Education, one hypothesis is that the MOE had its own reasons for intentionally turning Tang Min's formula upside down, and the "pyramid" structure was a product of central planning. In this interpretation, confronted with the task of dramatically expanding higher education enrollments against their better judgment, MOE officials coordinated policy implementation nationwide in such a way as to ensure that their efforts to improve education quality in the 1990s would not be entirely nullified. Such a strategy would allow total enrollment numbers to meet the requirements of top Party officials, while also safeguarding upper-tier universities from the detrimental effects of rapid enrollment expansion.

¹⁴ Ibid.

¹⁵ Tang Min, "Kuoda gaoxiao zhaosheng"

There are two main problems with this hypothesis, the first of which is that such an effort would have been completely uncharacteristic of education policy at the time. For a number of years, the MOE had sought to improve education quality. If the “pyramid” structure was an intentional policy outcome, it would imply a tradeoff on the part of the MOE—that is, more or less relinquishing education quality at non-elite institutions in favor of protecting their pet projects. These elite programs, however, were only the most visible representatives of a much larger effort to bring Chinese universities in line with those in developed countries. In other 1999 policy materials not directly related to expansion, such as reforms of the college entrance examination, improving education quality throughout Chinese universities is a major theme.¹⁶ Although the MOE was certainly keen to preserve education quality at elite universities, it does not follow that the policymakers were resigned to entirely abandoning the quality of the less-prestigious institutions making up the rest of China’s higher education system.

The second, more serious problem with this interpretation is that it ignores the effects of decentralization. Roughly two decades of decentralization before 1999 had left central ministries such as the MOE largely assuming an oversight role. Although the MOE had some authority to set national standards and guidelines, local education bureaus determined most of the details of education policy implementation—especially once most universities were transferred from direct MOE administration to that of provincial governments. Thus it seems unlikely that the stratifying trend of enrollment expansion followed a master plan set by the MOE. The massive scale of enrollment growth in 1999, as well as the announcement of the expansion policy only weeks before its implementation was to begin, are alone enough to make it an extremely ambitious program; even more unlikely is the suggestion that the MOE had the institutional

¹⁶ Xu and Mei, *Educational Policies and Legislation in China*, 55-60.

capacity to force enrollment expansion upon universities that were physically and administratively the least prepared to do so. The “pyramid” pattern thus represents a state of affairs that the MOE would have been neither willing nor able to bring about.

3.4—Evidence for Unauthorized Expansion

China’s rapid achievement of the transition to “mass higher education” is a common refrain heard from education officials, but there is no evidence that it was an intentional policy outcome. Due to the MOE’s status as an organ of central authority in an increasingly decentralized state, it is highly doubtful that it was able to purposefully coordinate nationwide rapid enrollment expansion from Beijing. In this section, I provide evidence that in fact the opposite is true: from 2002 to 2007, the MOE unsuccessfully attempted to slow down rapid enrollment growth throughout higher education.

Each year, four to five months before actual enrollment takes place, the MOE publicly announces its higher education recruitment plan for the entire country; these announcements can serve as a window into the MOE planning process. While these yearly plans cannot be found together in any single source, I have located and compiled online news articles reporting each annual plan from 1999 to 2007. Table 3.2 compares these yearly enrollment plans with actual recruitment numbers.

Table 3.2

Comparison of Planned and Actual New Recruitments at Regular Universities, 1999-2007

	Recruitments (10,000)			% increase from previous year		
	Planned	Actual	Difference	Planned	Actual	Difference
1999	130	154.87	25	20.0%	42.9%	22.9%
2000	180	220.6	40.6	16.2%	42.4%	26.2%
2001	250	268.31	18.31	13.3%	21.6%	8.3%
2002	275	320.48	45.48	2.5%	19.4%	17.0%
2003	335	382.18	47.18	4.5%	19.3%	14.7%
2004	400	447.36	47.36	4.7%	17.1%	12.4%
2005	475	504.49	29.49	6.2%	12.8%	6.6%
2006	530	546.07	16.07	5.1%	8.2%	3.2%
2007	567	565.93	-1.07	3.8%	3.6%	-0.2%

Actual recruitment numbers from China National Bureau of Statistics, 2000-2008. Yearly recruitment plans from Sina News Portal (individual citations in Appendix 2).

The fourth column in this table, showing the planned percentage increase in new university enrollments, is especially illuminative of the MOE's strategy. The sharp drop in 2002, when recruitment was planned to increase by only 2.5% nationwide, corresponds to an important shift in the MOE's approach to enrollment expansion. A May 2006 article in the *China Youth Daily* describes this shift in an interview with Li Zhiren, director of the Higher Education Research Center at the Central Education Institute. Director Li states that due to concerns over limited resources and facilities, the MOE decided to decrease enrollment growth dramatically in 2002. It was intended that from 2002 onward, expansion would be limited to 5-10% a year. Arresting enrollment growth would prevent any more damage being done to education quality.¹⁷

Despite this attempt to hit the brakes on rapid expansion, however, actual enrollments continued to grow at about three times the planned rate. This was the beginning of a five-year period, visible in the rightmost column of Table 3.2, during which the MOE continuously tried to bring enrollment expansion under control. Between

¹⁷ Jiang Xinjie, "Difang Zhengfu Weishenme Bei Kuozhao Chonghunle Tou?" (Why have local governments been driven giddy over enrollment expansion?) *Zhongguo Qingnian Bao (China Youth Daily)*. May 18, 2006.

2002 and 2007, the difference between planned and actual enrollments gradually declined; it took half a decade for the MOE to succeed in restraining rapid enrollment expansion. The contrast between planned and actual enrollment numbers is indicative of the MOE's inability to coordinate national higher education policy in the context of such severe decentralization.

This chapter has enumerated several points of evidence against the hypothesis that MOE policy coordination was responsible for Chinese universities' rapid enrollment growth. Enrollment expansion's haphazard nature, its damage to education quality, and the increasing stratification it created, only make sense in view of decentralization and the MOE's declining authority. The gap between planned enrollments and actual recruiting numbers solidifies the case against central planning, meaning that there must have been other factors driving rapid enrollment growth in opposition to the MOE's attempted restraints. Whatever these other factors may have been, they were not simply macroeconomic in nature, as previously demonstrated in Chapter 2. In the following chapter, I review literature discussing the conceptual framework of fragmented authoritarianism, which may provide a better explanation.

CHAPTER 4 CHINESE STATE STRUCTURE AND INSTITUTIONAL BACKDROP

4.1—Decentralization and Fragmented Authoritarianism

The decentralization of the Chinese state resulted the MOE's loss of power over higher education policy. As the previous chapters make evident, after top Party leaders intervened to launch the enrollment expansion policy, its implementation was to a great extent dictated by local factors rather than MOE directives. I argue that local governments' runaway implementation of radical higher education expansion can only be understood within the context of the Chinese political and bureaucratic system, specifically the idea of fragmented authoritarianism. Before turning to the effects of this institutional environment on higher education, however, we must first establish the significance of decentralization in the Chinese political context.

In the Chinese government, authority is shared between specialized, vertically-integrated ministries of the central government (*tiao*), on one hand, and local government administrations at various horizontal levels (*kuai*) on the other. For example, the Bureau of Education of a certain city or province reports both to its own local government and also to the next-higher level within the education bureaucracy. Since the early 1980s, the Chinese state has undergone a continuous trend of bureaucratic and fiscal decentralization, in which both formal and informal power have shifted away from vertical *tiao* authority and into the hands of horizontal *kuai* authority. Recent decades have seen the emergence of an administrative system that is more cellular in nature, with local officials being given more autonomy to manage the various aspects of governance

under their jurisdiction.¹ The resulting “fragmented authoritarianism” is a trademark feature of China’s bureaucratic system in the post-Mao era.²

Jude Howell contends that decentralization is so widespread that it is difficult to talk of a Chinese “state” as a unitary actor at all. The behavior of government officials and institutions varies widely both geographically and over time, reflecting the increasing fragmentation of state authority. A number of factors contribute to the polymorphous and heterogeneous nature of Chinese policy implementation, such as persistent corruption, the decreasing financial dependence of local governments on the center, and state structures that tend to encourage personal and institutional survivalism rather than coherent national plans.³ She writes that “local government officials in the context of significant decentralization are driven more by local and sometimes personal interests... resulting in unbalanced and uneven development.”⁴ Thus, although intended to support economic growth by encouraging local experimentation, decentralization has the side effect of weakening the ability of central government organs, such as the Ministry of Education, to monitor local officials and to ensure policy implementation follows its original intent.

As mentioned in the previous chapters, local cadres gained increasing authority over the administration of Chinese higher education vis-à-vis the MOE, especially as individual universities were transferred from hierarchical *tiao* management to local *kuai* management. In the context of fragmented authoritarianism and decentralization, it is crucial to understand the motivations and priorities of these local officials, both at individual universities and at municipal or provincial governments. What are these

¹ Gong Ting and Chen Feng, “Institutional Reorganization and Its Impact on Decentralization,” in Jia Hao and Lin Zhimin, eds., *Changing Central-Local Relations in China: Reform and State Capacity* (San Francisco: Westview Press, 1994), 67-88.

² Kenneth Lieberthal, *Governing China: From Revolution Through Reform* (New York: W.W. Norton, 1995), 169-182.

³ Jude Howell, “Reflections on the Chinese State.” *Development and Change* 37, no. 2 (2006), 284.

⁴ *Ibid.*, 283; 286-7

motivations, and to what extent are they at odds with the MOE's ability to ensure its desired policy objectives are implemented?

4.2—Local Government Incentives: Performance Evaluation and Cadre Mobility

A major influence on the behavior of local officials is the fact that their career prospects are based upon their performance on a number of criteria, as rated by their superiors. Allowed the discretion to prioritize among a wide range of policy directives and government mandates of varying importance, officials naturally tend to focus more energy on those that will be most beneficial to their assessment.⁵ By far the most important of these criteria is economic growth, making cadres inclined to disregard lower-priority policy directives that may contradict short-term GDP numbers. In general, officials also prefer easily-measurable “hard targets” rather than goals that are less well-defined or substantive.⁶ A focus on superficial achievements could lead cadres to use the education system as a tool for short-term economic growth instead of heeding MOE calls to invest in more teachers or higher-quality facilities.

Another harmful institutional arrangement is the cadre exchange system, in which officials are rotated periodically and have only a brief tenure in any given locality. This system was put into place to prevent cronyism, but has reduced accountability, as officials are not held responsible for the long-term consequences of their actions.⁷ According to Pierre Landry, municipal Party secretaries' average term of office had dropped to a mere 2.5 years by 2001.⁸ Such short terms of office, in combination with

⁵ Mayling Birney, “Decentralization and Veiled Corruption Under China's ‘Rule of Mandates’.” *World Development* 53 (2014): 55-67.

⁶ Kevin J. O'Brien and Li Lianjiang, “Selective Policy Implementation in China.” *Comparative Politics* 31, no. 2 (1999). 172-176.

⁷ *Ibid.*, 175

⁸ Pierre F. Landry, *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era* (Cambridge University Press, 2008), 90.

the incentives built into the evaluation system, lead to an almost universal focus on short-term results over long-term development.⁹

This state of affairs makes it easy for central policies to become distorted in their implementation, such as when local officials make unsound investments in order to artificially increase GDP, or set arbitrary and unrealistic quotas for things like criminal arrests or agricultural production.¹⁰ It is also common for cadres to launch “political achievement projects” (*zhengji gongcheng*), which can be extravagant construction works or ostentatious policy initiatives. Rather than being legitimate public services, these vanity projects are intended mainly to impress superior officials, and can also be handy sources of additional revenue streams. Because these officials will be transferred or promoted in a few short years, there is no incentive for them to exercise caution or financial restraint in these projects.¹¹

In order to interpret the negative effects of local officials’ high turnover rates, Eaton and Kostka turn to the work of the economist Mancur Olson on the role of time horizons in governance. While a “roving bandit” will take everything before moving to his next victim, a “stationary bandit” —in other words, a king—has a longer time horizon. This means that he can gain more in the long run by refraining from excessive taxation, providing public goods, and protecting his subjects. Even a predatory authoritarian regime, as long as it is relatively stable, has an incentive to promote health and prosperity in order to extract more income in the future.¹² In this sense, highly mobile Chinese officials represent an unusually degenerate form of government, one that

⁹ Yang Zhong, *Local Government and Politics in China: Challenges from Below*. Studies on Contemporary China (Armonk, NY: M. E. Sharpe, 2003), 119.

¹⁰ *Ibid.*, 141-143.

¹¹ *Ibid.*, 142.

¹² Sarah Eaton and Genia Kostka, “Authoritarian Environmentalism Undermined? Local Leaders’ Time Horizons and Environmental Policy Implementation.” *The China Quarterly* (forthcoming), 7.

is likely to be marked by “rapacious behavior and underinvestment in public policies and public goods provision.”¹³

Eaton and Kostka find evidence strongly supporting the application of Olson’s framework to the environmental policy implementation of Chinese officials. They find that cadres tend to focus primarily on policies that will have highly visible effects during their own tenure, and do not invest energy or resources on long-term sustainability or projects that have no immediate results. The short time horizons of these officials also results in their developing “a cavalier attitude toward costs,” because they can simply cover their spending with loans that will conveniently not come to term until after they have moved on to their next post.¹⁴ The focus on expensive political achievement projects (*zhengji gongcheng*) is another example of cadres’ short-sighted behavior, as is their tendency to “set even higher targets than the ones received from the upper level in order to impress their superiors.”¹⁵

Chinese scholars have reached similar conclusions in their analysis of higher education. Huang and Pang write that since the university president (*xiaozhang*) and the Party secretary are both officials in the government bureaucracy, they are subject to the same rules of evaluation and promotion applied to all Chinese government cadres. As a result, they are likely to think of themselves as government officials first and foremost, with their current position as heads of a university being merely a temporary post.¹⁶ Combined with an average tenure of only 4.1 years, the incentives of these officials can become highly distorted, with an undue focus on slogans such as “higher education

¹³ Ibid., 8.

¹⁴ Ibid., 13.

¹⁵ Ibid., 15.

¹⁶ Huang Weiting and Pang Xiaobo, “Gaoxiao Ruan Yusuan Yueshu de Zhidu Chengyin ji qi Zhili” (Institutional Causality of Soft Budget Constraints in Chinese Higher Education Sector and its Implications for Governance). Paper presented at annual *Zhidu Jingjixue Nianhui*, Sun Yat-sen University, Guangdong, October 2008. 5.

massification” (*dazhonghua*) and “gross enrollment rates.”¹⁷ Although the president is officially the financial and legal representative of the school, it is difficult to hold him accountable for excesses that may not come to light until after he has been transferred to a new position.¹⁸

The figure Huang and Pang cite regarding university presidents’ average tenure comes from a 2005 survey of the presidents of 1,792 Chinese universities. Although the original survey results are not available, a *People’s Daily* article notes that the presidents of top-tier universities served for significantly longer periods, averaging 5.9 years; the president of Huazhong University of Science and Technology held the record at the time, with 7.7 years in office.¹⁹ Assuming time horizon effects are present in the administration of the Chinese higher education system, this information implies that they are less severe at these elite universities. The article also reports that presidents of these elite institutions were more highly educated and more likely to have overseas experience. Furthermore, the reporter expresses concern that such short terms of office commonly lead to several undesired phenomena. Unfamiliar with the situation at their new post, officials may engage in rash and short-sighted behavior. Universities may also run into difficulties if successive presidents have conflicting goals or leadership styles.²⁰

Cao Shujiang similarly describes how the short tenure of university presidents plays a role in their incentives and priorities, particularly when it comes to the institutional debt used to pay for large-scale construction projects. The loans taken on by higher education institutions in China generally do not come to term for several years, by which time the president will often have been replaced by a successor. The new

¹⁷ Ibid.

¹⁸ Ibid., 7.

¹⁹ Yang Xuemei, “Zhongguo daxue xiaozhang pingjun nianling 52 sui, pingjun renqi 4.1 nian” (Chinese university presidents’ average age 52, average tenure 4.1 years), *Renmin Ribao*, August 8, 2007.

²⁰ Ibid.

president, furthermore, feels no responsibility for the debt taken on by his predecessor, and is likely to let it gather interest rather than be proactive about repayments.²¹

The availability of loans may have been a key factor in university enrollment expansion, being necessary for the construction of the infrastructure needed to accommodate the massive influx of new students. In the next section, I review literature describing another major influence on the behavior of local cadres—their ability to take advantage of virtually unlimited free credit.

4.3—Soft Budget Constraints on Local Cadres and University Administrators

Lynette Ong writes that although local governments have the autonomy to borrow money from financial institutions, they do not have any incentive to repay these loans due to the implicit guarantee that the central government will bail them out if push comes to shove.²² As decentralization results in local levels of administration gradually becoming more powerful in relation to the center, local Party leaders wield significant influence over the loan decisions of state-owned financial institutions under their jurisdiction. These institutions are also strategically important to the center, however, since their bankruptcy would be a major threat to social stability—making them “too big to fail.” Aware of this situation and their own leverage, local government cadres abuse their authority to gain what is essentially free credit, with a result of reckless overspending and massive debt.²³ This is a classic case of the “soft budget constraint” syndrome, a term

²¹ Cao Shuijiang, “Gaodeng xuexiao de ruan yusuan yueshu yu caiwu zizhuquan” (On soft budget constraint and financial decision-making right of public colleges). *Gaodeng Jiaoyu Yanjiu* 10, no. 26 (2005). 50.

²² Lynette H. Ong, “Fiscal federalism and soft budget constraints: The case of China.” *International Political Science Review* 33 (2012): 455-474.

²³ *Ibid.*, 468.

coined by the economist János Kornai to describe the inefficient management of state-owned enterprises in Eastern Europe.²⁴

In their definitive account of the soft budget constraint phenomenon, Kornai, Maskin, and Roland say that an organization is considered to have a hard budget constraint when “it must cover its expenditures out of its initial endowment and revenue. If it fails to do so and a deficit arises, it cannot survive without intervention.”²⁵ Generally speaking, in a competitive environment, an organization’s continual loss-making would result in its eventual failure or elimination. The budget constraint is softened, however, when the organization does not have to take responsibility for its losses and thus is not forced to compete. Benefactors such as financial institutions or the state may intervene by extending assistance to the loss-making organization. In the case of state bailouts, concerns for economic or social stability often contribute to such a decision. Over time, such organizations may come to expect or even rely on being bailed out by this extra funding, removing their incentive to maximize profits or reduce costs—softening the degree to which their behavior is constrained by their budgetary limits and greatly reducing their efficiency.²⁶

The rescue of a struggling organization represents additional *ex post* funding that it would not have been granted originally. As such, this phenomenon is a result of information asymmetry—unlike its creditors, the budget-constrained organization has access to information about the level of efficiency of its use of funds, both past and future.²⁷ If not for this unfair advantage, the initial funding could be adjusted to the appropriate amount, removing the need for a bailout later. Although originally used to

²⁴ Janos Kornai et al., “Understanding the Soft Budget Constraint.” *Journal of Comparative Economics* 26, no. 1 (2003): 11-17.

²⁵ Ibid., 4.

²⁶ Ibid., 14.

²⁷ Ibid., 18.

describe state-owned enterprises, the soft budget constraint syndrome can manifest itself in a number of other arenas—financial institutions, local governments, non-profit organizations (including universities), and even entire countries are all potentially prone.²⁸ According to Kornai, the only requirement for a soft budget constraint to exist is that there must be a potential benefactor with the resources to administer a bailout and the motivation to do so—as such, they are particularly common in transition economies.

The Chinese higher education system certainly seems to meet this description, being part of the same bureaucratic matrix of vertical and horizontal authority to which financial institutions and state-owned enterprises belong. Indeed, several scholars have drawn the connection between universities' soft budget constraint and their institutional debt. Cao Shujiang notes that being a non-profit organization, a university's funding is all earmarked for specific purposes, which leaves no room for non-budgeted costs. Should such costs arise, there is little alternative but to pay for them with credit; the budget typically does not contain an allowance for interest and payments on this debt, making such payments even more onerous.²⁹

Another complicating factor is that for both education and research, there is not necessarily a definite relationship between input and output as there would be in industry. The quality of education and the value of research products not only evade precise definition, they are also hard to predict for insiders and outsiders alike. This makes it difficult for administrators to allocate the optimal amount of resources *ex-ante* to any particular project or task.³⁰ Because of their soft budget constraint, universities have no incentive to lower costs or increase efficiency. The right to take on loans is one of the few areas in which universities enjoy institutional autonomy; however, at present, universities

²⁸ Ibid., 5-6.

²⁹ Cao, "Gaodeng xuexiao de ruan yusuan yueshu," 49.

³⁰ Ibid.

are not obligated to assume proportionate liability for these loans.³¹ University administrators' accompanying loss of responsibility for their behavior is a major problem in the higher education system, as this thesis demonstrates.

Information asymmetry—when lenders have less information than borrowers—also plays a role in the soft budget constraint of Chinese universities. “Just as a sick person has no way of knowing the medical skill of a doctor,” government officials who are not education experts have no way of evaluating the performance of universities under their jurisdiction.³² Higher education institutions thus lack external restraint due to the absence of effective government oversight. Yu Jianhai adds that since universities are state organs tasked with implementing government policy, the government is responsible for the expenses associated with this implementation, even when these costs lead to a budget deficit. Due to information asymmetry, however, the government has no reliable means of distinguishing legitimate policy burden expenses from those incurred as a result of mismanagement, graft, and intentional excess. Since the government eventually pays for all spending, whether through direct funding or *ex-post* support in the form of loans, higher education institutions have a hidden incentive to maximize their *non-policy* burden spending—in other words, to be as inefficient as possible. This type of behavior, Yu says, is common in Chinese universities, most notably marked by the zealous construction of new infrastructure beyond need or ability.³³

Both Cao and Yu note that Chinese universities face no threat of bankruptcy. Due to their importance for social stability and economic growth, the state is obligated to ensure that universities stay in operation. This forces the government to extend financial

³¹ Ibid., 50.

³² Ibid.

³³ Yu Jianhai, “Zhengcexing fudan, nixiang xuanze yu gaoxiao ruan yusuan yueshu” (Policy burden, adverse selection and soft budget constraint of higher education institutions). *Gaodeng Jiaoyu Yanjiu* 28, no. 9 (2007). 39.

assistance continuously, regardless of waste or inefficiency.³⁴ Taking this idea to its logical conclusion, Huang and Pang suggest that universities' social and economic importance—and, by extension, their bargaining power—is directly related to the number of students they enroll. Aware of this fact, universities may seek to become even more indispensable by maximizing enrollments, thus gaining a greater guarantee of government support.³⁵

In this chapter, I have described the shift of power away from centralized, vertical chains of command and into the hands of local governments with their own conflicting interests. This decentralization, when combined with incentives and loopholes within the Chinese political system, can lead to inefficient, wasteful, and predatory behavior on the part of local officials, in particular due to their soft budget constraint and their tendency to focus on personal advancement. Chinese-language academia indicates that these phenomena may also occur in the higher education system. In the context of this fragmented authoritarianism, one suspects that university administrators prioritize their own career prospects more than education quality, the welfare of students, or strict implementation of central policy from the MOE. In the following chapter, I investigate the actual effects of decentralization by looking at the differences between central and local university enrollments, as well as examining how unauthorized expansion stemmed from the bureaucratic enrollment procedures of lower-tier institutions.

³⁴ Cao, "Gaodeng xuexiao de ruan yusuan yueshu," 50; Yu, "Zhengcexing fudan, nixiang xuanze," 39.

³⁵ Huang and Pang, "Gaoxiao Ruan Yusuan Yueshu," 6.

CHAPTER 5 FRAGMENTED AUTHORITARIANISM IN HIGHER EDUCATION

5.1—Decentralization as Context for Uncontrolled Expansion

Chapters 2 and 3 refuted two plausible explanations for Chinese universities' rapid enrollment growth. Expanding enrollments was not a profitable market activity guided by supply and demand, as evidenced by its lack of correlation with macroeconomic factors. Neither was it a policy outcome coordinated by the central government—expansion followed no geographic pattern, damaged education quality, and exceeded plans set by the MOE. The only identifiable trend is one of stratification, in which lower-tier universities expanded enrollments much more quickly. In this chapter, I argue that the emergence of this “pyramid” holds the key to a novel explanation for university enrollment growth. Drawing upon the political and institutional literature discussed in the previous chapter, I contend that fragmented authoritarianism resulted in locally-administered universities suffering from adverse incentives, such as performance evaluation, cadre mobility, and the soft budget constraint syndrome.

My hypothesis is that the MOE's attempts to slow down enrollment expansion nationwide succeeded only in a minority of universities under its direct central control. The slower growth rate of these centrally-administered institutions is a better reflection of MOE policy than the wild expansion of low-tier, locally-administered schools. Centrally-administered institutions—which also happened to be some of China's most elite—were closely regulated, but local universities were in contrast much less affected by MOE policy oversight. As the MOE persistently attempted to rein in the expansion rate at all

levels, the “pyramid” that emerged was an accident of institutional arrangement rather than an intentional policy outcome.

In this chapter, I describe how low-tier schools not only expanded much more on average, but also manifest a great deal of unexplained variation both geographically and over time. Central universities, in contrast, exhibit much more uniformity than their locally administered counterparts; they follow similar patterns nationwide because they all adhere to the same MOE guidelines. This fundamental dissimilarity between central and local institutions suggests that the institutional effects discussed in Chapter 4 affect central and local universities differently. The government officials responsible for locally-administered universities were more severely affected by “hard target” incentives, soft budget constraints, and short time horizons. I provide more indirect evidence that this is the case by examining Chinese university recruiting and enrollment procedures, particularly the loopholes and opportunities for abuse that exist in the process.

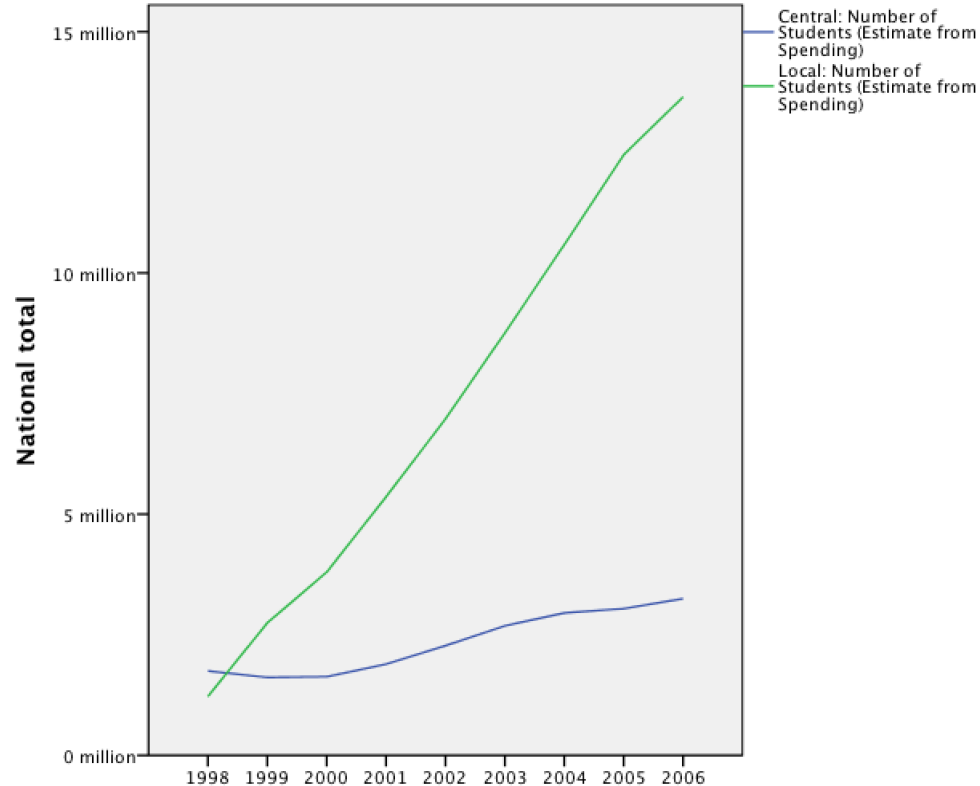
5.2—Evidence for Fragmented Authoritarianism in Central-Local Differences

Although a small amount of data is available from the Ministry of Education comparing enrollments at central and local universities, it includes only the national aggregate. Chapter 3 already made use of these national statistics to show that local universities expanded much more rapidly than their central counterparts, as Figure 3.4 describes. This trend can be examined more closely by using additional data from the *Chinese Education Finance Statistical Yearbook*, which is also split into centrally and locally administered institutions, but includes a provincial instead of only national level of detail.¹ In this section, I analyze data from 1998 to 2006 describing regular institutions

¹ *Zhongguo Jiaoyu Jingfei Tongji Nianjian* (China Education Finance Statistical Yearbook), Social and Technological Department, National Bureau of Statistics of the People’s Republic of China (Beijing: Zhongguo Tongji Chubanshe, 1999-2007).

of higher education, a set that does not include adult education, distance learning, or non-state (*minban*) institutions. Although this resource does not directly include enrollment numbers, it does record both per-student spending and total spending amounts for central and local universities in each province. Knowing these two numbers makes it possible to calculate the student enrollment size of central and local universities in each province. The result is only an estimate, but comparison with total provincial enrollments reported by China's National Bureau of Statistics shows that it is accurate enough for the purposes of this chapter. Figure 5.1 shows the result of this calculation for the entire country.

Figure 5.1: Annual Estimated Enrollments at Central and Local Universities



Nationally, while students at central institutions comprised the majority of Chinese university students in 1998, their numbers were overtaken by local university students in 1999—the first year of rapid enrollment expansion, and also a year in which a number of institutions were transferred from central to local administration. For the entire

period shown in this data, enrollments at local universities continued to grow faster than at central universities. According to this estimate, the roughly 1.2 million local university enrollments made up only 41% of Chinese college students in 1998; by 2006, there were 13.6 million students at locally administered universities, making up 81% of the total. This pattern corroborates Chapter 3's description of increasing stratification as enrollments increased.

Figures 5.2 and 5.3 show the estimated number of students at central and local universities, respectively, for each province.² In Figure 5.3, it can be clearly seen that the largest number of central-university students are located in Beijing. Hubei is in a relatively distant second place, while Shanghai and Jiangsu compete for third. Sichuan and Shaanxi lead the rest. This chart also shows that the distribution of central-university students became more unequal from 1998 to 2006. Beijing, which in 1998 made up 13% of the national total, by 2006 had nearly 20% of students at centrally administered universities. Additionally, the four top-ranking provinces for this measure remained the same in 1998 and 2006; that is, over this time period, there was no province from the bottom 27 that increased central-university enrollments enough to break into the top 4. These bottom 27 provinces, which in 1998 hosted 61% of central-university students, by 2006 had only 51%. Overall, enrollment expansion in these centrally administered universities was gradual and relatively uniform, with already well-endowed provinces gaining an even greater advantage over this time period.

² A summary of this data may be found in Appendix 3.

Figure 5.2: Annual Estimated Provincial Enrollments at Central Universities

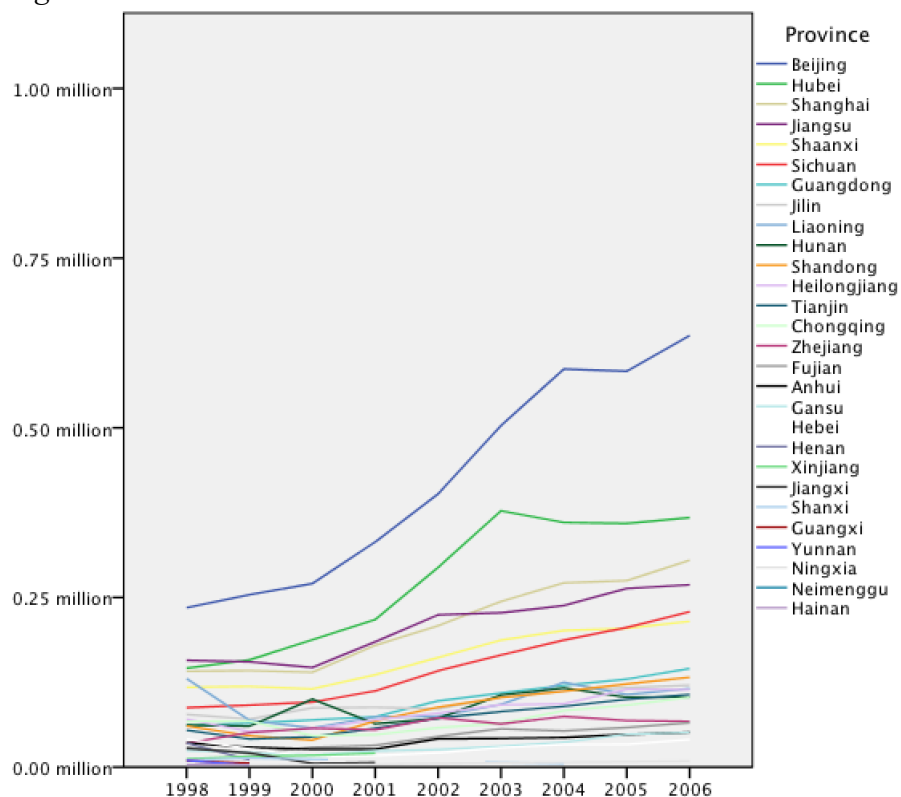
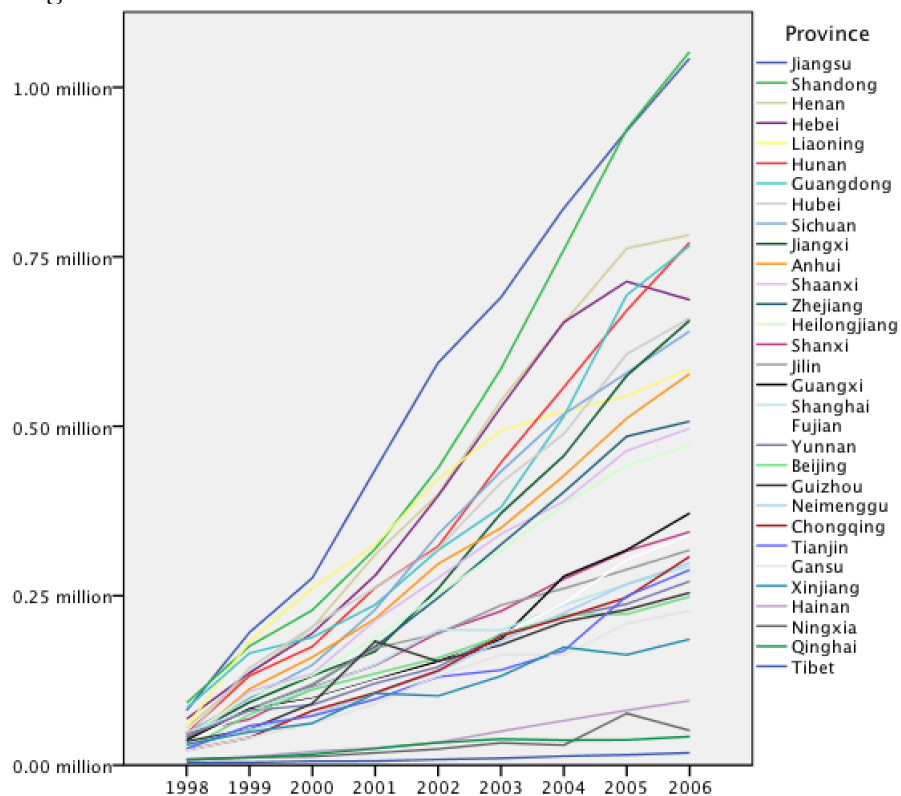


Figure 5.3: Annual Estimated Provincial Enrollments at Local Universities



The situation shown in Figure 5.3 could not be more different. Locally administered universities have had a much more equitable distribution nationwide, with various provinces increasing enrollments faster or slower than others in different years, resulting in a very chaotic chart. Jiangsu, which had been on top continuously since 1999, was just barely surpassed by Shandong in 2006; several remote provinces like Ningxia and Qinghai stayed relatively stable at the bottom. In general, however, the number of local-university students who were enrolled in any given province in 1998 and that province's rank in 2006 appear to have very little relationship. Liaoning, which had the fifth-highest number of local-university students in 1998, by 2006 had dropped to tenth place; in contrast, Henan and Hunan went from sixth and tenth place to third and fourth place, respectively.

In short, unlike the gradual and uniform enrollment growth of centrally administered universities, locally administered schools expanded enrollments rapidly and at very uneven rates both geographically and over time. The lack of pattern shown in Chapter 3 exists almost solely at lower levels. On the other hand, elite, centrally-administered institutions expanded at equally slow and even rates nationwide. In other words, their development shows every sign of being the result of state planning. This divergence suggests that over the course of decentralization, locally-administered institutions grew further and further from effective MOE control.

5.3—Flexibility and Mechanisms of Abuse in the Enrollment Process

In light of this data, I believe that without the oversight of a central authority, officials responsible for low-tier institutions—both within the universities themselves, and in the local governments to which they belonged—used enrollment expansion as a

means to an end. As a perfect example of a “hard target,” exceeding yearly recruiting numbers was an easy way for cadres to excel in their performance evaluation. The soft budget constraints of these universities enabled them to spend as much as needed to accommodate the new students—indeed, they may have taken advantage of the opportunity to spend as much as possible, benefitting personally from lucrative construction contracts as well as professionally from the high visibility and prestige of such projects. With short time horizons of only four years or so, they would have had no incentive to exercise restraint or forethought when it came to institutional debt or increasingly limited human and material resources.

Spurred on by these incentives built into the Chinese bureaucracy, officials at low-tier universities continually increased enrollments beyond demand or capacity. In this section, I describe the bureaucratic procedure by which the government allocates college admission candidates to their eventual places on university rolls, making note of the points along this process at which there is the possibility of adjustment. I explain the mechanism for “unauthorized” enrollment expansion, a term that encompasses several schemes low-tier universities employed in their insatiable drive to exceed recruiting quotas. Finally, I discuss several factors that make locally-administered institutions more vulnerable to abuse.

The Chinese university enrollment process is complicated and enigmatic even to many Chinese people. With each provincial-level authority having its own committee or bureau in charge of college enrollment work in that region, in addition to ongoing reforms and adjustments to the system, a concise explanation is elusive. What follows is a typical, slightly simplified version of the process that I have synthesized from a number of sources, including MOE documents, news articles, and my own interviews and

discussions with Chinese people.³ While this description may not encompass the entire enrollment process in all its complexity, it is invaluable in revealing how the bureaucratic procedure of university recruitment exacerbated inequality in the higher education system.

China's annual college entrance examination, the *gaokao*, is famous for the stress it puts on high school students. Since most have no siblings, they face immense pressure to succeed so that they can grow up to support both parents and two sets of grandparents. The college entrance examination is the only chance most Chinese young people will have to build a successful life—a situation to which they refer despondently as “a single test to determine a whole life's fate” (*yikao ding zhongshen*). Although the basic contour of the *gaokao* system is common knowledge, exactly how the test-takers earn their final university placement is less widely known.

When the relevant departments (usually provincial-level) finish the scoring of the annual college entrance examination, the passing scores are divided into four “batches” or recruiting rounds (*pici luqu*). Higher education institutions are likewise organized into four tiers—three levels of four-year undergraduate (*benke*) universities, and a fourth level at the bottom consisting of shorter technical degrees (*zhuanke*). A first-tier university is defined as one that has been granted the right to enroll students from the first recruiting round, and so on.⁴ The catch is that the higher education bureaucracy plans the recruiting rounds so that there are more students in each round than there are planned open spots in the corresponding university tier.

³ All consulted materials may be found in the bibliography; for a typical news article, see “Jiaoyubu zhaokai fabuhui jieshao gaoxiao zhaosheng ‘Yangguang Gongcheng’ deng qingkuang” (MOE convenes news conference to explain the ‘Sunshine Project’ and other situations regarding higher education enrollment), *PRC Central People's Government Online Portal*, June 26, 2006.

⁴ Hence the Chinese name for the university tiers (*yiben*, short for *diyipi benke*, etc.)

Every university is responsible for organizing a committee to determine its planned recruitments for the coming year, in consultation with approximate national and provincial enrollment targets received from the MOE. The provincial-level education bureau must approve the enrollment plans of each individual school, and then compile them to determine the total number of planned spots in each of the four tiers. To decide the number of students who will be candidates for recruitment in each round, the number of planned spots in the corresponding tier is increased by a certain proportion set by the MOE, typically around 20%.

For example, if all the Tier 1 universities in a province have a combined planned enrollment size of 100 students, and the MOE has set the size of the first recruiting round at 20% larger than planned enrollments, the provincial authority will set a score threshold (*fenshuxian*) for the college entrance examination such that the top 120 students will be eligible for the first recruiting round. Similar score thresholds are drawn for the second, third, and fourth rounds of recruits, with the size of each recruiting round always being larger than the number of planned university spots in the corresponding tier. This surplus allows universities flexibility in the number of students they end up actually recruiting.

Even more complex is the next stage of the enrollment process, which is called “sending [student] files” (*toudang*). As part of the college entrance examination process, each student lists a number of potential schools and academic majors, ranked by preference (*tianbao zhiyuan*). After the provincial education authorities set the score thresholds for each recruiting round, they send the personal file of each student in the first round to the student’s preferred Tier 1 school. When schools receive more student files than their planned enrollment quota, they are authorized to recruit as many as possible from this surplus, limited again to a certain proportion set by the government. After all

planned Tier 1 spots are accounted for, the provincial government proceeds with the second round of recruiting, and so on.⁵

Suppose a Tier 1 school originally planned 100 new recruitments, but it received the files of 120 students in Round 1 who had listed it as a first preference. The school might recruit 105 of these students, if it wanted, but the fifteen lowest-scoring students would probably then be dropped to Round 2—where they would be recruited by a Tier 2 university. This is bad luck on the part of the leftover students, who would have been given a spot at a higher-ranked institution if only they had listed a different preference. The other lucky five students, however, benefit from being above the score threshold for the first recruiting round even though they were outside the school's original enrollment target. This is called “expansion within the plan” (*jihua nei kuozhao*).

This type of expansion will not affect the total number of new enrollments nationwide, as it occurs only *within* each round of recruitments. It is not considered illegal or disreputable by the MOE, since the students recruited in this manner are all 1) students who legitimately reached the score thresholds both of the school and of the corresponding recruiting round, and 2) who did in fact list the school as a preference. The upper limit of this built-in flexibility would be for a university to recruit all 120 of the students whose files it receives.

Regarded less favorably, however, is “expansion outside the plan” (*jihua wai kuozhao*).⁶ This illegal enrollment expansion occurs when higher education institutions recruit ineligible students from below the score threshold, or students who did not initially list them as a preference, often via dubious “intermediary agencies” (*zhongjie*

⁵ In recent years, the MOE has transitioned to a system in which each recruiting round takes place simultaneously (*pingxing luqu*), but this reform introduces a whole new level of complexity and is outside the scope of this overview.

⁶ This type of expansion was implicitly allowed during the initial stage of rapid enrollment growth in 1999-2001, but later became a major target of the MOE's later policy measures, as discussed in the next chapter.

jigou). Expansion outside the plan typically involves the charging of excessively large fees in exchange for adding a few points on the exam or altering a student's previously declared school preferences. This practice takes advantage of university applicants' vulnerable position, as many hopeful candidates would naturally do anything to please their families and secure a place on university rolls. The prevalence of this phenomenon is attested by the existence of pithy phrases such as "*fen bugou, qian lai cou*" (Money can cover the difference if the score is too low).

While both university officials and members of the education bureaucracy might openly solicit bribes for these services, this seems to be less frequent than some might expect: government officials are not necessarily the ones materially profiting from these activities, especially when intermediary agencies are used. Due to the system of cadre evaluation based primarily on hard targets like enrollment numbers, the benefit that higher education officials stand to gain from "expansion outside the plan" is at least as much political as it is monetary. Officials themselves are probably just as concerned about their enrollment quotas as students are about being accepted into college. Thus, while outright corruption may simply not be worth the risk for cadres concerned about their career paths, going through intermediary recruiting agencies is a less dangerous option. As these intermediaries occupied a legal grey area until an MOE crackdown around 2005, they could potentially help university officials avoid the appearance of misconduct and even gain plausible deniability. In a sense, the intermediary actually performs a valuable service by bridging the gap between supply and demand, reducing the inefficiency built into the enrollment process—notwithstanding the exorbitant fees they charge for doing so.

There are other methods of unauthorized expansion possible during the enrollment process. One of the simplest is for a university to surreptitiously lower its

score threshold across the board so that it can admit a large number of students who would previously have been considered unqualified. If need be, schools also sometimes fudge on government-mandated gender ratios, distribution of academic majors, and ethnic minority representation in order to meet the hard target for new enrollments. Low-tier schools may find it difficult to recruit an adequate proportion of females or ethnic minorities, and it is also common for them to expand enrollments in majors where there is less overhead cost, such as journalism, history, or literature. These types of adjustments, when made without the approval of the education bureaucracy one level up, are likewise part of a legal grey area that the MOE reformed starting around 2005.

The nature of the Chinese higher education system made “expansion outside the plan” a much more severe problem at lower tiers. Since the distribution of student files during the *toudang* phase is based upon the student’s own preference, each university will have a different proportion of planned enrollment spots to the number of student files they receive. Well-known universities tend to be disproportionately represented among students’ preferences, meaning that higher-tier schools have more eligible students to choose from than their lower-tier counterparts. Meanwhile, very few students are likely to list a no-name technical school among their ranked preferences. When these low-tier universities fail to receive enough student files to fill their originally planned enrollment quota, “expansion outside the plan” is a tempting solution.

Exacerbating this discrepancy is the fact while lower-tier colleges have a simple mission to provide as much access to “basic” higher education as possible, higher-tier universities have a more complex social role involving not only undergraduate education but also graduate studies, scholarly research and international academic cooperation.⁷ Thus, while officials at technical (*zhuanke*) schools and third-tier undergraduate (*benke*)

⁷ Cao, “Gaodeng xuexiao de ruan yusuan yueshu,” 49.

universities are concerned primarily with meeting enrollment quotas, as there are few other targets or evaluations to strive for, second- and first-tier *benke* institutions simply have more things to worry about. For them, reaching or minimally exceeding the planned enrollment quota is enough—expanding too much could jeopardize the reputation of the school or the quality of its education. Finally, prestigious universities are more under the public view, decreasing their potential options for abuse or illicit behavior.

Under these circumstances, lower-tier schools’ drive for enrollment expansion was uncontrollable, and their soft budget constraint meant they could spend as much as needed to continue expanding—indeed, the more spending, the better. And yet while they did have access to the leftover students from the first and second recruiting rounds, many of these lower-tier schools still had trouble meeting their planned enrollment quotas. This left them with no option but to “recruit outside the plan.” Using the methods described above, third-tier universities enrolled students whose exam scores only qualified them for technical *zhuanke* degree programs, and *zhuanke* schools enrolled large numbers of students who—according to the score thresholds set by education authorities—were completely unqualified to attend college.

Thus, the problem of unauthorized enrollment expansion was increasingly severe at each lower tier—not affecting first-tier universities at all, but affecting third-tier and *zhuanke* institutions severely. Furthermore, while higher-tier schools’ expansion was “within the plan” and did not directly affect the total number of new enrollments nationwide, expansion at lower tiers was “outside the plan” and resulted in an actual net increase in the total number of students admitted—in effect, raising the pass rate of the college entrance examination to a higher point than the MOE intended.

As locally-administered institutions grew further from MOE control due to decentralization, the effects of fragmented authoritarianism made them susceptible to a

variety of different kinds of abuse. Not only was there corruption, as might be expected; the “hard target” nature of the enrollment expansion policy incentivized local cadres to pursue its implementation with reckless enthusiasm, enabled by their soft budget constraint. This phenomenon, made possible by the bureaucratic arrangement of the university recruitment process, is additionally supported by the geographic contours of central and local enrollment growth. Central universities were both more restrained in their expansion, and also followed similar trajectories from province to province; local institutions, in contrast, grew in a haphazard manner that defies explanation as part of either a market economy or a central plan. In the final chapter, I examine the end of rapid enrollment expansion as the MOE took measures to improve its monitoring capability and reduce the negative effects of fragmented authoritarianism.

CHAPTER 6

CONCLUSION: REASSERTION OF CENTRAL AUTHORITY?

6.1—The End of Uncontrolled Expansion

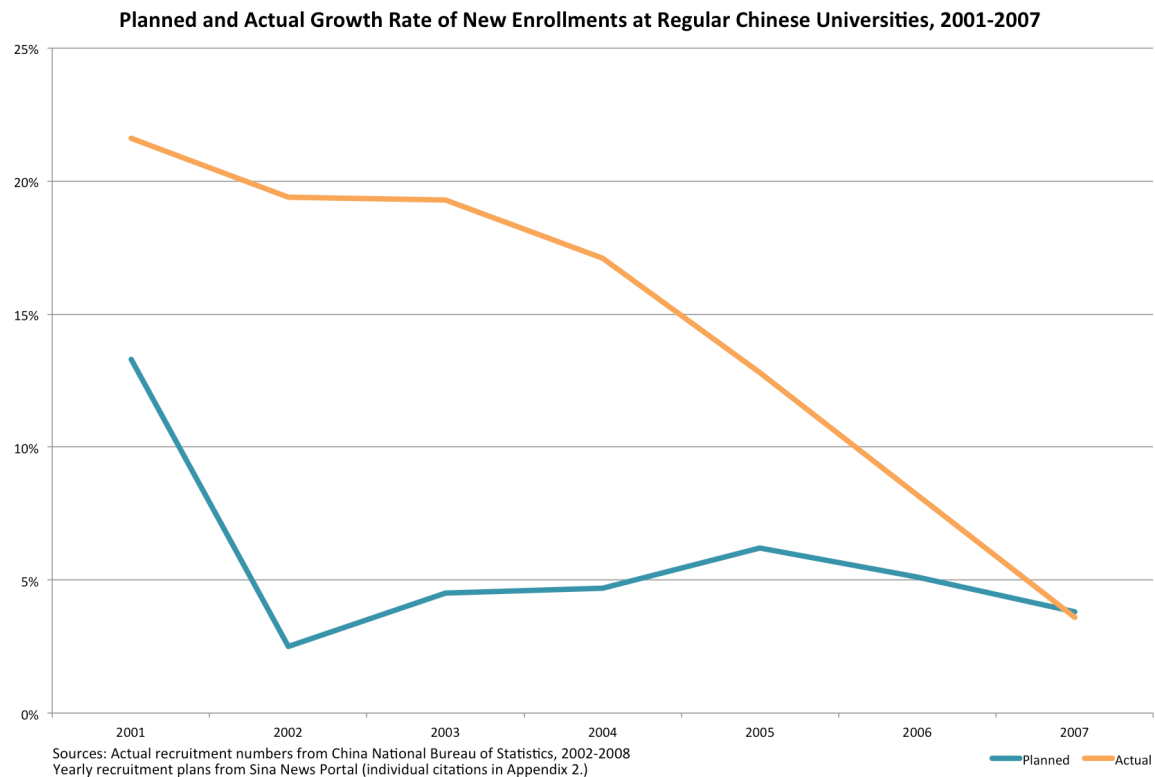
In the preceding chapters of this thesis, I have explored a number of explanations for Chinese higher education's unprecedented enrollment expansion. I demonstrated the insufficiency of accounts based on market economics as well as central planning, and I proposed a new hypothesis grounded in literature on the decentralization and fragmentation of Chinese state authority. Only one question remains: How did the Ministry of Education finally succeed in restraining this runaway enrollment expansion? In this concluding chapter, I supply a tentative answer to this question by evaluating the countermeasures taken by the Ministry of Education during the period of uncontrolled growth from 2002 to 2007. My findings suggest that the uncontrolled growth of locally-administered universities did not stop until the MOE was able to enforce better monitoring at lower levels. I close with a few remarks on the implications of my research for understanding the fragmentation of the Chinese state, as well as the future of higher education policy.

The expansion of university enrollments in 1999 and 2000, and to a lesser extent in 2001, had no historical precedent in its rapidity or massive scale. The total student body of Chinese universities in 2001 more than doubled in size compared to just three years earlier, rising from 3.4 million in 1998 to 7.2 million. This increase fundamentally changed the landscape of higher education in China. By the time the 2002 college recruiting season was drawing near, MOE officials confronted the question of how to mitigate the huge strain that enrollment expansion would place on universities'

infrastructure and resources. Since it was clearly unsustainable to continue growing enrollments at such a feverish pace, by 2002 the MOE had decided to increase new recruits by only 2.5%, much slower than 2001's increase of 21.6%.

It was at this juncture that MOE officials most likely began to notice the problems caused by the fragmentation of central authority, namely, local institutions' incentive and capability to keep expanding enrollments against the will of the MOE. For instead of a 2.5% growth rate, new enrollments at Chinese universities that year increased by yet another 19.4%. Over the following five years, the MOE continuously tried to reduce the annual recruitment expansion rate to the low single digits, finally succeeding in 2007—the first recorded year for which total recruits were actually within the planned amount. Figure 6.1 shows this development in detail.¹

Figure 6.1



¹ This is the same information also shown in Table 3.2

We can assume that the gap between the two lines, the difference between planned enrollment growth and the actual numbers, is more or less equivalent to “expansion outside the plan” as discussed in Chapter 5—when lower-tier universities used questionable methods to draw from a pool of under-qualified students in order to make up for recruitment shortages and meet or surpass enrollment quotas. In absolute terms, this amount increased every year from 2002 to 2004 and fell again in 2005-07; in 2007, there were 10,000 fewer new enrollments than planned. In relative terms, as Figure 6.1 shows, the additional, unplanned growth rate of new enrollments was gradually reduced from 2002 to 2006 and finally completely eliminated in 2007. In 2002, recruitments grew by 19.4% instead of the planned 2.5%, an excess of 17 percentage points; by 2007, the new enrollment growth rate was only 3.6% instead of the planned 3.8%. While MOE officials must have been alerted to the severity of unplanned expansion by 2002 at the latest, it took them five more years to identify the source of the problem and take effective preventative measures.

6.2—MOE Responses to Unauthorized Expansion, 2002-2004

The documents I examine in the following two sections reveal an evolution of the MOE’s countermeasures against uncontrolled enrollment expansion, from early stages to eventual success. The MOE attempted to improve supervision over the college recruitment and enrollment process in 2003-04 by making rules and guidelines more explicit and by emphasizing the responsibility of leading cadres over their subordinates, but these relatively traditional countermeasures met with limited success. In 2005, a new and more effective approach came to the forefront: mandating the use of computer systems both for record-keeping and for the entirety of the enrollment process. Although this was done in the name of transparency and “information openness” (*xinxi gongkai*), it

had the additional effect of greatly improving the capability of upper bureaucratic levels to monitor the work of local cadres. Below, I describe both the earlier and later measures, as well as the effects they had on the enrollment process and on the higher education bureaucracy in general.

This is by no means a comprehensive review of contemporary MOE higher education policy; I have only used documents that are publicly available, which represent only the surface level of the policy process. Moreover, although the MOE website makes available a wide range of policy announcements, it is not a complete set, with records for earlier years becoming more scattered and only a handful of documents available from more than a decade or so ago. I have attempted to sift through these documents in search of relevant information and put together a rough understanding of the reality behind the bureaucratic jargon and rhetoric, using contemporary news articles as supplemental evidence. These documents reveal a clear shift in MOE approach over the early-mid 2000s.

In 2001, the MOE had not yet begun its efforts to limit enrollment expansion. This fact can be seen in the 2001 edition of the annual notice that the MOE sends down to relevant lower departments concerning college recruitment and enrollment work. The very first item in this notice, instructing cadres to follow the relevant guidelines and make serious efforts to reinforce lawful implementation of the year's recruitment, makes these admonitions only "amid the continuing expansion of yearly enrollment size."² This concession—that any other concurrent education reforms, such as adjustments to the

² MOE, "Jiaoyubu guanyu zuohao 2001 nian putong gaodeng xuexiao zhaosheng gongzuo de tongzhi" (MOE notice on carrying out regular higher education institutions' 2001 recruitment work). Item 1.

college entrance examination, are to be carried out only in the shadow of rapid enrollment growth—is identical with that used in previous years.³

The 2001 notice does employ rather strong language condemning any unauthorized adjustment of enrollment quotas. Strangely, however, this reprimand seems to be primarily against *reduction* rather than expansion. Universities are “generally not allowed to decrease the enrollment plan” previously approved by the relevant provincial-level authority; completing the total number of planned recruitments takes priority over other quotas, such as those for majors or academic domains.⁴ Indeed, instructions are provided for how to increase enrollments wherever possible, by recruiting students “from below the university’s own actual score threshold, but above the score threshold for the relevant recruiting round.”⁵ While this method would later be frowned upon as “expansion outside the plan,” that label is not used here—at this point in time, it is explicitly allowed.

For this reason, 2001 can clearly be grouped with 1999 and 2000 as part of the period in which the MOE oversaw and even encouraged massive increases in recruitment numbers. The MOE’s shift away from this mode began in 2002. The introductory note at the beginning of its 2002 enrollment guidelines states that “in contrast with previous years, there are some relatively large changes” in the 2002 guidelines.⁶ Although there are not specific restrictions on enrollment expansion, the language discussing any adjustments to the plan is much more reserved. Officials are instructed to increase planned recruitments only in areas where higher education remains underdeveloped despite a large supply of high-quality candidates. Furthermore, while increasing

³ MOE, “2000 nian putong gaodeng xuexiao zhaosheng gongzuo guiding (Regular higher education institutions’ 2000 recruitment work guidelines).

⁴ MOE (2001), Item 7

⁵ Ibid.

⁶ MOE, “2002 nian putong gaodeng xuexiao zhaosheng gongzuo guiding (jixuan)” (Regular higher education institutions’ 2002 recruitment work guidelines (abridged)).

enrollments may be used as a tool to adjust the distribution of students' majors and geographic origins, any unplanned expansion should take place only with reference to the local economic situation, especially the job market.⁷ The number of student files a school may receive is also fixed at no more than 120% of its planned enrollments.⁸

As Figure 6.1 shows, however, new enrollments in 2002 grew by 19.4% instead of the planned 2.5%. The MOE's attitude toward this dramatic unplanned expansion, as well as clues about the mechanism through which it occurred, can be inferred from a strongly-worded statement the following year, articulated in its annual notice on university recruitment in 2003:

During the recruiting process, it is strictly prohibited for any higher education institution to admit "students outside the plan" or to entrust "intermediary agents" with recruitment; it is strictly prohibited for any work unit or individual to charge fees in the name of "increasing the plan" ... In the event that [such behavior] occurs, it will be subject to strict investigation and discipline according to the appropriate regulations.⁹

In official MOE notices and policy documents from this point onward, similarly forceful wording appears with frequency. Of particular note is that this is apparently the first mention of the intermediary recruiting agencies universities had been employing to carry out unauthorized enrollment expansion—a practice that the MOE continued to crack down upon in the following several years. The 2003 recruitment guidelines also seem to be more detailed and explicit than in the past, as the MOE tried to close loopholes or places where there could be misunderstanding of its intentions. There is much more focus on the orderly and lawful implementation of the recruitment process—

⁷ Ibid., Items 14, 16, 19

⁸ Ibid., Item 22

⁹ MOE, "Guanyu zuohao 2003 nian putong gaodeng xuexiao zhaosheng gongzuo de tongzhi" (Notice on carrying out regular higher education institutions' 2003 recruitment work). *Jiaoxue* 2003, no. 1. Item 6.

suggesting that rules and standards such as these ought to have a higher priority than the “hard target” of simple enrollment quotas.¹⁰

These early efforts by the MOE met with no success—enrollment expansion in 2003 continued at almost the same uncontrolled rate as the previous year. Increasingly alarmed, in June 2004 the MOE launched a campaign targeting four types of undesired behavior with the slogan “Three Not-Authorized, One Forbidden” (*San Buzhun, Yi Jinzhi*).¹¹ First on this list, in very clear terms, is a blanket prohibition on “unauthorized expansion of enrollment plans.” The other “Not-Authorized” behaviors include recruiting candidates who do not meet admission criteria; and forming illicit partnerships between universities and testing authorities. “Forbidden” refers to a larger range of “corrosive” and “meddlesome” activities, including different types of corruption as well as any official involvement in intermediary recruiting agencies.¹²

The “Three Not-Authorized, One Forbidden” campaign was framed in terms of a renewed focus on improving supervision and responsibility within the bureaucracy. A clearly delineated system of responsibility (*zerenzhi*) was central to this effort. All levels were instructed to be firm in the management of their subordinates, to exercise self-restraint and self-discipline in their own affairs, and to submit to supervision and inspection from their superiors.¹³ The MOE also encouraged lower levels to put additional energy into improving awareness of the systems of responsibility and supervision, in order to “reinforce interior management and formulate effective restraint

¹⁰ MOE, “2003 nian putong gaodeng xuexiao zhaosheng gongzuo guiding” (Regular higher education institutions’ 2003 recruitment work guidelines). *Jiaoxue* 2003, no. 1.

¹¹ MOE, “Jiaoyubu guanyu zuohao 2004 nian putong gaodeng xuexiao zhaosheng zhifa jiancha gongzuo” (MOE notice regarding enforcement and inspection of higher education institutions’ 2004 recruitment work). *Jiaojian* 2004, no. 7. Item 2.

¹² Ibid.

¹³ Ibid., Items 1, 4, 5, 7

mechanisms.”¹⁴ It should be noted, however, that this increased emphasis on effective management seems to be directed just as much against the illegal charging of fees (*luan shoufei*) as against unauthorized expansion.¹⁵ Indeed, the two types of misbehavior seem to be closely linked in the view of the MOE—a fact which can be considered as evidence for widespread corruption linked to the recruiting process.

6.3—Sunshine Project and the Reassertion of Central Authority

Despite the earnestness of the MOE’s 2004 efforts, they do not appear to have been immediately successful, at least based upon new enrollment numbers: expansion slowed to 17.1%, but this was still much faster than the MOE-planned growth rate of 4.7%. In response to this repeated failure, early 2005 saw the launch of yet another campaign, this one with the slightly catchier title, “Sunshine Project” (*Yangguang Gongcheng*).¹⁶ Later to become the MOE’s most significant countermeasure to uncontrolled expansion and illegal fee-charging, the Sunshine Project’s importance can be surmised from its appearance near the beginning of virtually every MOE policy document and official notice from early 2005 to the present.

Although the Sunshine Project encompassed many familiar points of emphasis like responsibility and supervision, this program primarily focused on improving communication and transparency.¹⁷ The main substance of the program consisted of “Six Opennesses” (*Liu Gongkai*). Every level of the higher education bureaucracy was

¹⁴ MOE, “Guanyu jiaqiang 2004 nian putong gaodeng xuexiao zhaosheng luqu guanli gongzuo de jinji tongzhi” (Urgent notice regarding reinforcement of supervision for regular higher education institutions’ 2004 recruitment and enrollment). *Jiaoxueting* 2004, no. 12. Item 1.

¹⁵ *Ibid.*, Item 3

¹⁶ There have been multiple unrelated Chinese policy initiatives with this name, notably a career-training program for rural residents that started at roughly the same time. Information about the particular “Sunshine Project” discussed here can be found under headings such as “Gaoxiao Zhaosheng Yangguang Gongcheng” (Higher Education Recruitment Sunshine Project)

¹⁷ MOE, “Guanyu gaodeng xuexiao zhaosheng gongzuo shishi yanggong gongcheng de tongzhi” (Notice regarding the implementation of ‘Sunshine Project’ for higher education institutions). *Jiaoxue* 2005, no. 4.

required to disclose to the public all information in the following six areas: enrollment policies; university qualifications and admission criteria; recruitment planning; enrollment information; application procedures; and the results of disciplinary investigations into major legal violations.¹⁸

In the context of Chinese governance in the twenty-first century, a major component of the “information openness” slogan is the creation of official websites. In recent years, all official organs have been required to create and maintain websites containing statistical and administrative information, policies and regulations, and so on. In practical terms, this requires the use of standardized electronic systems for operations and record-keeping. It is no coincidence that while the MOE was promoting the Sunshine Project, it also began to mandate that all universities adopt standardized online application and registration systems.¹⁹ When all levels of the higher education bureaucracy carry out their daily operations using centralized computer systems to which the MOE presumably has backdoor access, it becomes much more difficult for lower officials to abuse their authority during the recruitment and enrollment process. Thus, even though the Sunshine Project was ostensibly aimed at making the higher education bureaucracy more transparent to the public, “information openness” had the additional effect of improving the monitoring and supervision capability of upper government levels.

In this environment, the MOE’s increasingly firm admonitions against unauthorized expansion, illegal fee-charging, and other forms of abuse no doubt carried much more weight. Indeed, much of the language from the 2004 “Three Not-Authorized,

¹⁸ Ibid.; see also “Jiaoyubu jiang shishi ‘Liu Gongkai’ de Yangguang Gongcheng ezhi zhaosheng fubai” (MOE to implement Sunshine Project’s ‘Six Opennesses’ to crack down on recruitment corruption). *Xinhua News Agency*, March 9, 2005.

¹⁹ MOE, “Guanyu zuohao 2005 nian quanguo putong gaodeng zhaosheng luqu gongzuo de tongzhi” (Notice on carrying out national regular higher education recruitment and enrollment work). *Jiaoxue* 2005, no. 9. Item 3.

One Forbidden” campaign remained in place in 2005 policy documents, rephrased under the somewhat simpler term “Six Not-Authorized” (*Liu Buzhun*). Standardizing procedures and clarifying the delineation of responsibilities continued to be at the forefront. Higher education institutions were explicitly forbidden from expanding their enrollment plans without provincial-level authorization, and evasion of this requirement was considered a serious offense.²⁰ Other recurring points included prohibitions on admitting unqualified students, involvement in intermediary recruiting agencies, and charging any fees in connection with college recruitment.²¹

The information openness brought about by the Sunshine Project, in combination with the continuing implementation of the 2004 campaign stressing responsibility and supervision, led to a distinct drop in the number of unplanned recruitments in 2005. New enrollments grew by 12.8%, from 4.47 to 5.04 million. This was still greater than the MOE’s planned growth rate of 6.2%, but the excess was less severe than it had been in previous years. More importantly, 2005 was the beginning of the end for uncontrolled recruitment expansion. Unplanned enrollment growth fell even more sharply in 2006, and by 2007, for the first time, the total number of university recruits was actually *less* than the planned amount—5.66 million, instead of 5.67 million. This landmark was achieved not due to any major new policies from the MOE, but rather as a result of the ongoing implementation and strengthening of the 2004 and 2005 initiatives.

Recurring ideas and familiar wording from these programs feature prominently in the MOE’s annual recruitment notices and enrollment guidelines for both 2006 and 2007. The Sunshine Project is the first thing mentioned in documents from both years; detail

²⁰ Ibid., Item 2.

²¹ MOE, “Jiaoyubu guanyu shixing gaodeng xuexiao zhaosheng gongzuo zerenzhi ji zeren zhuijiu zanxing banfa” (MOE provisional measures concerning the implementation of responsibility system and responsibility investigations in higher education institutions’ recruitment work). *Jiaojian* 2005, no. 4. Article 6, Items 1-3.

and reinforcement of content from the “Six Opennesses” and “Six Not-Authorized” campaigns reappear frequently. In 2006, the MOE once again stressed the need for clearly-defined responsibilities, including the duty of provincial-level officials to conduct careful oversight and regular investigation of their subordinates at lower-level governments and individual schools. These provincial officials, in turn, were instructed to keep a telephone hotline open for direct communication with the central MOE. All adjustments to the planned enrollment numbers of individual universities required the approval of the relevant provincial-level authority; since provincial enrollment plans were fixed, in practice this meant that expansion at one school could only be approved by decreasing the planned enrollments of a different university.²² In addition, as the migration to electronic systems continued to advance, the MOE mandated that all adjustments of any kind were to be entered in a unified national online system, further decreasing the ability of cadres at every level to engage in corrupt or illegal behavior.²³

The MOE held a press conference in June 2006 to build public awareness of its work on improving the transparency and responsibility of the college recruitment and enrollment process. Lin Huiqing, head of the MOE’s Bureau of Students, elaborated upon the full scope and ambition of the Sunshine Project’s coming stages. Building on the foundation of the “Six Opennesses” put forward in 2005, she said, the MOE would focus its efforts on making information openness more systematized and improving its effectiveness. The central bureaucracy would employ strict discipline to end the entanglement of university recruitment with power and money. Wherever abuse or rule-

²² MOE, “Jiaoyubu guanyu zuohao 2006 nian quanguo putong gaodeng xuexiao zhaosheng luqu gongzuo de tongzhi” (MOE notice on carrying out regular higher education institutions’ 2006 recruiting and enrollment work). *Jiaoxue* 2006, no. 13. Items 3-5.

²³ *Ibid.*; see also Item 6 of the memo attached to “2006 nian putong gaodeng xuexiao zhaosheng gongzuo guiding” (Regular higher education institutions’ 2006 recruitment work guidelines). *Jiaoxue* 2006, no. 2

breaking occurred, disciplinary action would be severe, following the principle of “whoever is in charge is responsible” (*shei zhuguan, shei fuze*).²⁴

Lin further described how the Sunshine Project would make these goals possible, with the adoption of a nationwide online system for the real-time supervision and management of the entire recruiting and enrollment process. All planning, including score thresholds and the distribution of academic majors, would be carried out using only this system. By using this system to monitor every stage of college recruiting, the MOE would be able to close the loopholes that had fostered unauthorized enrollment and other illegal behavior. Lin also clarified that illegal enrollments included both students recruited from “outside the established structure” (*tizhi wai*)—i.e., via intermediary agents—as well as those who were “within the established structure but outside the plan” (*tizhi nei, jihua wai*). The ban on both types of enrollment expansion, she said, was “unambiguous and inflexible.”²⁵

By 2007, the MOE was calling the Sunshine Project “the basic foundation of the higher education enrollment process.”²⁶ The crackdown on intermediary recruiting agents, illegal fee-charging, and other forms of corruption continued, and high-ranking officials were directed to launch disciplinary investigations immediately if they uncovered information casting suspicion on any of their subordinates.²⁷ Increasingly stringent standards were to be observed regarding data storage and security; CD backups were to be made regularly, stored in a separate location, and after their creation could not be tampered with for any reason. The MOE also forbade universities and all other

²⁴ “Jiaoyubu zhaokai fabuhui jieshao gaoxiao zhaosheng ‘Yangguang Gongcheng’ deng qingkuang” (MOE convenes news conference to explain the ‘Sunshine Project’ and other situations regarding higher education enrollment). *PRC Central People’s Government Online Portal*. June 26, 2006.

²⁵ Ibid.

²⁶ MOE, “Guanyu zuohao 2007 nian quanguo putong gaodeng xuexiao shaosheng luqu gongzuo de tongzhi” (MOE notice on carrying out regular higher education institutions’ 2007 recruiting and enrollment work). *Jiaoxue* 2007, no. 13. Item 1.

²⁷ Ibid., Item 5

bureaucratic levels from expanding enrollments without the direct, explicit agreement of the MOE itself—cutting out the provincial middleman, apparently for the first time.²⁸ The complete elimination of unplanned recruitment in 2007 demonstrates the effectiveness of these policies.

In summary, the basic methods the MOE used to combat unauthorized expansion—responsibility, supervision, strict discipline—were hardly anything revolutionary. Indeed, firm language emphasizing tighter management and the threat of strict disciplinary measures was already in place by 2002, with little effect. The MOE was unable to gain control over runaway enrollment growth until it combined these traditional measures with a distinctly modern approach. When the Sunshine Project required the higher education bureaucracy to make policies, plans, and statistics all publicly available online, officials fell under much greater public scrutiny than they had been subject to in the past. Moreover, the Sunshine Project also introduced a highly effective internal monitoring mechanism by mandating the use of computer systems for all of the education bureaucracy's record-keeping and daily operations.

To some extent, it seems that these measures enabled the MOE to counteract its declining level of control over China's higher education bureaucracy, as a central ministry in the context of fragmented authoritarianism. With this reassertion of its power, the MOE was able to achieve its long-standing goals of improving awareness and supervision at all levels, focusing on responsible leadership instead of merely hard targets, and imposing strict discipline for all forms of corruption and rule-bending. Most significantly, it was finally able to successfully rein in the rapid expansion of university enrollments that had been putting so much strain on resources.

²⁸ Ibid., Items 2-3

6.4—Closing Remarks

In the past two decades, much scholarly attention has been devoted to the effects of state decentralization on politics, policy implementation, and central-local relations in China.²⁹ The declining ability of the government in Beijing to manage the country's massive state apparatus is a subject of much discussion and research. In this thesis, I applied the framework of fragmented authoritarianism to Chinese higher education policy. I found evidence that political incentives at local government levels distorted central policy in the higher education system, and furthermore, that these distortions played an even greater role in enrollment expansion than did central planning or market-economy factors.

My findings suggest that higher education expansion—arguably among China's most influential national policies in recent memory—was, in a very real sense, an accident. If not for decentralization, rapid enrollment expansion would likely have been only a momentary occurrence, one small facet of the government's comprehensive stimulus package guarding against the Asian Financial Crisis in the late 1990s. Once the expansion policy was launched, however, the Ministry of Education had little power to stop or slow down its implementation at the local level. The soft budget constraints and short time horizons of Chinese university officials gave them a blank check to spend as much as necessary to carry out dramatic enrollment expansion, irrespective of the actual cost or damage of this policy. Enrollment growth and construction spending became effective means to a political end for local officials who were primarily concerned with their own career advancement.

This realization about the true nature of university enrollment expansion compels a reevaluation of China's supposed transition from “elite” to “mass” higher education.

²⁹ See Gong and Feng (1994), Lieberthal (1995), Howell (2006), Landry (2008), Birney (2014)

Elite universities, which were directly under the MOE's control, were not affected by the problems plaguing lower-tier institutions as a result of fragmented state authority. When the MOE became concerned about enrollment expansion's threat to education quality in 2002, it was only these centrally-administered universities that heeded the call to slow down their growth. The divergence between upper-tier and lower-tier universities in terms of both enrollment size and education quality—in short, the emergence of the “pyramid” structure—can be directly attributed to the university system's administrative decentralization and the resulting fragmented authoritarianism. In terms of gross enrollment rates, China may have achieved “mass higher education,” but in so doing, its universities have become more elitist than ever.

How can China's higher education system overcome the problems caused by rapid, uncontrolled enrollment expansion? Answering such a question would require a separate thesis. China has a multitude of poorly-funded, low-quality institutions caught in a ruinous cycle by the circumstances of fragmented authoritarianism. Lacking effective oversight, these schools are prone to mismanagement and abuse, further decreasing their quality and making it even more difficult for them to secure funding through student inflows or government support. This situation in turn forces them to raise tuition and take on debt. In the short term, the Ministry of Education could significantly improve the management of higher education simply by requiring longer terms of office for university administrators. If Chinese universities were run by educators instead of careerist bureaucrats, the excesses of rapid enrollment expansion would never have occurred in the first place. Making university administrators more responsible for their performance and behavior would certainly be a step in the right direction.

More broadly speaking, how can China's central government prevent abuse and predatory behavior at the local level? One potential solution lies in improving the central

government's monitoring capability by conducting official business on networked digital systems. The correspondence between the launch of the Sunshine Project and the immediate drop in unauthorized expansion indicates that this has been an effective tool. Similar methods employed on a much larger scale might also be used to counteract the fragmentation of authority and reassert central control over the national bureaucracy. The potential emergence of such a capability would be a significant development in the study of the Chinese state. To a Western observer, however, the prospect of a vast, internal monitoring system is uncomfortably Orwellian, hardly appealing even as a solution to the real problems caused by decentralization.

Rather than attempting to make fragmented authoritarianism less fragmented, a more ideal approach would be to make it less authoritarian. As far as higher education policy is concerned, the only real long-term solution to the problems caused by decentralization is to remove Chinese universities' soft budget constraint. Putting universities' virtually unlimited borrowing ability under control would be beneficial from a financial standpoint, but such an effort would be about more than simply decreasing costs—it would require university administrators to develop a sense of responsibility for their actions. Chinese higher education institutions already have the autonomy to take on debt; therefore, they should also have the responsibility for that debt's repayment. If universities had to compete in the open market to attract students, the higher education system would become more efficient and less prone to abuse without requiring the heavy hand of a central state. Rather than merely continuing decentralization, in which universities become more detached from the state while still remaining under its fragmented authority, the only effective solution is true institutional independence.

APPENDICES

Appendix 1

Descriptive Statistics for Variables Used in Chapter 2 Regression

	Lag	Min.	Max.	Mean	Std. Dev.
HEIs per million people	1 year	0.157	10.938	1.891	2.188
HE spending per student	1 year	500.368	5339.653	1561.303	786.222
Students per teacher	1 year	4.250	18.414	13.026	3.226
Elite universities as % of total	1 year	0.012	0.667	0.121	0.126
% of revenue from fees	1 year	0.150	0.608	0.388	0.100
% increase in govt funding	No	-0.037	0.437	0.159	0.077
GDP per capita	1 year	2346.610	53830.143	11455.458	8694.162
HE students per 10,000 pop,	1 year	11.646	356.502	82.517	64.023

Sources: China National Bureau of Statistics online database; China Education Finance Statistical Yearbooks, 1999-2007

Appendix 2

Ministry of Education Yearly National Recruitment Plans

Year	Planned recruits (10,000)	Headline	Translation	Date	Source
1999	130	Jinnian quanguo putong gaodeng jiaoyu jihua zhaosheng 130 wan ren	National regular higher education plan to recruit 1,300,000 students this year	March 12, 1999	http://news.sina.com.cn/richtalk/news/china/9903/031215.html
2000	180	Woguo jinqiu putong gaoxiao jiang zhaosheng 180 wan ren	China's regular higher institutions to recruit 1,800,000 students this fall	March 14, 2000	http://news.sina.com.cn/china/2000-3-14/71763.html
2001	250	Jinnian quanguo putong gaoxiao zhaosheng 250 wan ren; gaokao gaige shenhua	National regular higher institutions to admin 2,500,000 this year; continue reforming college entrance exam	March 17, 2001	http://edu.sina.com.cn/i/22823.shtml
2002	275	JiaoyuBu: 2002 nian quanguo putong gaoxiao jiang zhaosheng 275 wan ren	MOE: 2002 national regular higher institutions to enroll 2,750,000 people	February 22, 2002	http://edu.sina.com.cn/l/2002-02-22/21273.html
2003	335	2003 nian quanguo putong gaoxiao jiang zhaoshou 335 wan xinsheng	National regular higher institutions to accept 3,350,000 in 2003	March 27, 2003	http://edu.sina.com.cn/l/2003-03-27/40085.html
2004	400	2004 nian quanguo putong gaodeng xuexiao jihua zhaosheng 400 wan	National regular higher schools plan to recruit 4,000,000 in 2004	December 29, 2004	http://edu.sina.com.cn/l/2003-12-29/58845.html
2005	475	2005 nian quanguo gaodeng jiaoyu ben, zhuanke jihua zhaosheng 475 wan ren	National regular higher education plan to recruit 4,750,000 people for bachelor's and associate's programs in 2005	March 9, 2005	http://edu.sina.com.cn/ex/2005-03-09/104348.html
2006	530	Jinnian gaodeng jiaoyu zhaosheng 530 wan ren	Higher education recruitment 5,300,000 this year	January 8, 2006	http://news.sina.com.cn/c/2006-01-08/00537921495s.shtml
2007	567	2007 nian gaoxiao zhaosheng jihua queding ben zhuan zhaosheng 567 wan	Higher institutions' recruitment for 2007 set at 5,670,000 for bachelor's and associate's programs	January 24, 2007	http://edu.sina.com.cn/exam/2007-01-24/103469746.html

Appendix 3

Comparison of Estimated Central and Local University Enrollments, 1998-2006 (unit: 10,000 people)

Region	Province	Centrally-administered universities			Locally-administered universities		
		1998	2006	Avg. yearly growth rate	1998	2006	Avg. yearly growth rate
North	Beijing	23.5	63.6	11.5%	2.44	24.86	20.5%
	Tianjin	5.44	10.7	8.1%	2.39	28.8	21.2%
	Hebei	4.13	4.06	-0.2%	6.83	68.64	20.5%
	Shanxi	1.06	-	-	4.73	34.42	19.0%
	Inner Mongolia	0.35	-	-	2.89	29.8	20.6%
North-East	Liaoning	13.05	11.58	-1.5%	5.66	58.45	20.6%
	Jilin	7.76	12.07	5.4%	3.64	31.73	19.9%
	Heilongjiang	7.06	11.41	5.9%	4.26	47.22	20.9%
East	Shanghai	14.13	30.5	9.2%	4.87	29.33	17.9%
	Jiangsu	15.74	26.86	6.5%	8.09	104.26	21.4%
	Zhejiang	3.53	6.75	7.8%	4.05	50.73	21.3%
	Anhui	3.57	5.12	4.5%	3.28	57.75	22.3%
	Fujian	2.92	6.54	9.6%	3.31	33.91	20.6%
	Jiangxi	2.76	-	-	4.27	65.62	21.9%
	Shandong	6.06	13.23	9.3%	9.19	105.25	21.0%
	Henan	3.55	-	-	5.54	78.23	21.7%
Central-South	Hubei	14.58	36.77	10.8%	4.19	65.93	22.0%
	Hunan	6.19	10.31	6.2%	4.67	77.13	22.1%
	Guangdong	6.14	14.53	10.1%	8.39	76.66	20.1%
	Guangxi	0.93	-	-	3.72	37.19	20.5%
	Hainan	0.35	-	-	0.73	9.52	21.4%
	Chongqing	6.73	10.31	5.3%	2.23	30.78	21.6%
South-West	Sichuan	8.76	22.89	11.2%	4.73	64.01	21.6%
	Guizhou	-	-	-	3.52	25.44	18.9%
	Yunnan	0.99	-	-	4.23	27.13	18.3%
	Tibet	-	-	-	0.39	1.82	16.2%
	Shaanxi	11.76	21.48	7.3%	3.06	49.66	22.1%
North-West	Gansu	2.45	5.12	8.8%	2.19	22.76	20.6%
	Qinghai	-	-	-	0.79	4.21	17.1%
	Ningxia	0.18	0.88	16.5%	0.88	5.12	17.7%
	Xinjiang	1.21	-	-	3.06	18.59	17.9%

Source: China Education Finance Statistical Yearbook, 1999, 2007. Geographic regions from Jacob (2006).

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