The reform of a country’s educational system is a concrete historical process in terms of its macro-societal changes in the context of its structuring of educational institutions. Such innovative changes to any given educational institution can be considered to be a rational decision reached by social participants; therefore, the issue of reform rationality, which often rests upon certain ethical values, is of central importance. Given this, any rational decision-making regarding social change can be ultimately presented as a choice of guiding values. Equity, justice, public rationality, and public interest are the chief values by which the current Chinese educational system is measured. These values reflect not only the leading social zeitgeist but also the realistic needs and active pursuits of social participants. Therefore, they ought to serve as the basic principles for educational reform.

China’s educational reform has experienced three tumultuous and eventful decades since its advent in 1985. This government-led reform has completely reshaped the landscape of China’s educational system. While the general public has begun to recognize the merits of past changes, they are also simultaneously contemplating future changes. Attempting to overview these three decades of reform is conducive not only to the objective understanding of reformatory process extracting experiences therein but also to the informed prediction of developmental directions so as to more rationally direct future reforms.
8.1 Global Reconstruction of Public Education

The global public educational system has undergone tremendous changes in the last 20 years. The magnitude of such changes has been attributed to general discontent with the scale, speed, quality, and efficiency of the development of public education. People are seeking an educational system that pursues higher equality, coverage, quality, and standards. The educational reform of a number of countries has been focused on opposing government-led and all-taxpayer-supported colossus educational machines, thereby placing the public educational sphere under increasing social pressure. Throughout the 1980s, reforms having astonishingly similar forms emerged in several countries with emphasis on contesting the monopoly of public education. These countries enacted a series of policies to rehash their public educational institution through marketization and privatization, attempting to reconstruct the relationship between state and education, government and schools, and schools and students or their parents. This can be understood as part of a broader process of globalization in terms of economy, politics, and culture. During this process, the educational reform of various countries has faced some common issues, and the borders between countries have never been more ambiguous (Whitty et al. 2003; He 2008).

8.1.1 Common Issues Faced by Different Countries

Since the birth of modern education, the social demand for education has always been met by two channels, the formal and the informal. In the earlier stages of human social development, when education was distinct from social production and social life, people consciously trained their children in rudimentary laboring skills and living norms; however, this kind of education was only primitively combined with social life. Hence, education in its primal stages was mostly informal, that is, passed on from one generation to the next hand-in-hand. When human knowledge continued to become richer and mature, its impartation became increasingly critical. In the meantime, education gradually became a part of daily routine, and it is at this stage that spontaneous educational activities began to form a domain of specialized human activities alongside social production and social life. To a large extent, education shifted from the informal channel to the formal, meaning that it began to be provided chiefly by specialized institutions and professionalized faculties. With further progression of education, its formal provision entailed two forms, the public channel and the market channel. Public-channel education was offered by the state and its affiliate municipal administrations or churches, whereas the market channel consisted of profit-seeking individuals and organizations.

In the history of education, the birth of the public educational institution that had the function to popularize education was tightly entwined with social modernization. In the nineteenth century, family-based education faced dire challenges due to the burgeoning emergence of numerous public schools. The accentuation of schooling shifted from the general public to formal public institutions, and as such, formed the
foundation of public education. This was one of the rational choices made within the process of modernization. In a majority of countries, the finalized systems of public education after World War II were all funded and spearheaded by the government and delivered to social participants via a non-market channel. Thus, public education became deeply rooted in the national political and social life and driven by political orders under nationalism, which had a profound influence on the educational quality and efficiency of schools. The effect of nationalism upon education was bi-faceted. In terms of advantages, the strong interference of the state in education largely accelerated the popularization of education guaranteeing equal opportunity. In terms of disadvantages, nationalism gave rise to state monopoly over education resulting in a series of abuses to education such as over-staffing and decrease in efficiency among educational organizations, the suppression of popular voices and the passive reception of education (the lack of individual free choice) among students. Therefore, the problems with the public educational institution ought to be attributed to institutional problems themselves. The advocators of public educational reforms held that traditional public education, although beneficial to the popularization and development of education, led to the formation of rigid regulations and strict hierarchy, which exacerbated over-staffing, led to decrease of efficiency of educational organizations, and derailed schools farther away from their initial goals. They thus failed to meet the students’ and parents’ demand for diversity and self-choice in education. In the 1980s and 1990s of the last century, the general public believed that the public educational institution needs to urgently reconsider traditional way (Lao 2009).

8.1.2 Redefinition of Governmental Educational Functions

The institutional reforms of worldwide governments in the 1970s and 1980s have prompted those governments to reflect upon their omnipotent and all-inclusive grand-government mode and modifying themselves to handle the relationships between the government and market and those between government and society more skillfully. From a modern standpoint, governmental functions have two aspects, to solve market dysfunction and to promote social justice. In terms of the first aspect, the government proffers public goods, resolves various public problems, regulates monopolizing corporate behaviors, overcomes the imbalance of market information, coordinates nongovernmental conducts, secures market development, etc. In terms of the second, the government seeks to protect the socially disadvantaged groups, enforces social-security plans, establishes social welfare, actively engages in capital re-configuration, etc.

The abovementioned governmental functions can be further dissected into fundamental function, intermediary function, and positive function. With regard to fundamental function in the context of resolving market dysfunctions, the government should be providing pure public goods such as national defense, law-making, public hygiene system, macro-economic management, etc. In the context of enhancing social justice, the government should emphasize the protection of socially disadvantaged groups, enforce anti-poverty drives, eliminate diseases, etc. With regard
to intermediary function in the context of solving market dysfunction, the government should incorporate solution-finding for an assortment of public issues (such as providing mandatory education and environmental preservation), regulating monopolizing corporate conducts (such as enacting monopoly laws and implementing anti-monopoly policies), and overcoming information imbalance (such as establishing social insurance system, financial law system, and consumer right protection system). In terms of promoting social justice, the government is obligated to provide social insurance, such as allocating pension, unemployment insurance, and women’s rights preservation mechanisms. With regard to active function in the context of resolving market dysfunctions, the government should engage in the coordination of activities in the public sphere, boost market development, and promote the formation of various social measures. In terms of social justice, the government should more actively engage in the re-allocation of social capital.

Specific to the educational sphere, governmental functions mainly entail the appropriation of funding for host activities aiming to promote the equality of educational opportunities at all levels and scale. The government should also simultaneously conceive and implement national educational standards and incentivize social groups to provide education and establish specialized schooling mechanism to guarantee the independent status of social educational institutions. The cultivation of teaching staff and established professionalized teaching managerial mechanisms should be encouraged (The World Bank 1997: 26–27).

Based on the governmental functions above, although the government plays a leading role in the provision of education, particularly rudimentary education, the government is certainly not the sole provider of education. In fact, the government’s role in the funding and modulation of education has to be considered within the framework of the mutually restrictive and mutually supportive relationship between market and society. Literally, worldwide political reforms have given rise to the reconstruction of public education, governmental function in education has experienced fundamental changes in this wave of reform, and a brand-new relationship between schools and administration is being born.

8.1.3 Means of Reforms in Marketization and Privatization

The state and the public, or the administration and the market constitute the two poles of the society for public schools. It is, therefore, held by many that the importation of nongovernmental strength in education and the market-economical mechanism can help change the stagnant educational status quo (Whitty et al. 2003: 3–4). They hope that marketization and privatization reforms that will introduce market economic factors to solidify the foundation of market economy will elevate the independence of schools to break the confines of administrative institutions (Yan 2011).

In the process of the reconstruction of public educational institutions, different countries have enacted and implemented a series of relevant educational policies focusing on introducing cross-the-board participation and free market competition
into schools by means of promoting the reconstruction of educational marketization. In order to escape excessive control by the government and completely solve existing problems facing public schools, a number of countries have made fundamental adjustments to their educational functions from the conventional direct interference to indirect interference. Simultaneously, these governments have also been attempting to establish public educational systems centered on the autonomy of schools and free choice of students and their parents to reshape the old functioning model monopolized by the state, aiming to eventually boost the performance of public education. American public schools, under the auspices of private companies and the liberal support of the government, have enjoyed successful reforms to a large extent. Participation of the private sector has revitalized the reforms, resulting in the rise of chartered public schools during the trend of privatization campaign. Supporters of privatization believe that this could largely change the unitary status quo of governmental school-running and elicit sources outside the administration such as social groups, corporations, and able individuals to co-host education in order to provide more diversified educational services for students and parents and to enable various schools to fulfill the educational needs of learners at different levels. The privatization of public schools can also commit purchases of public services from educational organizations by channels of indentures or inter-governmental contracts that can free the government from the rigmaroles of single-handedly running public schools.

Overall, the promotion of marketization and privatization has been a critical reformative ideology to enhance the efficiency and quality of public education. Smaller government, better services, broader social participation, and fairer and more efficacious education have been the common theme of educational reforms of a variety of countries. The reshaping of school–government relations and the assistance provided to improve educational efficacy and quality have become the principle characteristics of educational reform.

8.1.4 Major Measures to Reconstruct Public Education

School Independence: In order to establish schools that fit the market situation better, the reforms in many countries have delegated powers to public schools. Such power includes financing, personnel redistribution, and policy-making. This move seeks to transform schools into independently functioning educational entities. The foremost reason for promoting school independence is that educational service has certain technological requirements. Education is based upon interpersonal relationship, communication, and the feedback for such communication. It is also based upon the knowledge, skills, and experiences of the teaching faculty. Hence, the technological resources that a school needs lie in itself, not in policy-making or at the higher-up administrative level. The second reason is the huge conflict between definitive behavioral requirements and strict disciplinary standards under hierarchical management and high-quality education. The uncertainty of education activities has given rise to an objective and quantified way to measure concrete activities,
namely the process and outcome of schools, which has heavily influenced the control of educational management over the entire educational working process. The third reason derives from market requirement. The primary goal of schools is to satisfy the needs of their potential customers. School staff performs exchanges with students and parents every day; they know them better than the management and are more capable to adopt more flexible measures to improve school services and to enhance educational quality. In terms of the division of power, the most creative solution is teacher empowerment and school-based management, that is, to provide a better environment to the schools that are suffering from low efficiency in terms of empowering their teaching staff. Typical self-managed schools are mainly the so-called chartered schools, which are the new-type schools legally authorized by the government. Although chartered schools are fully funded by the government, they are managed by private individuals. With the exception of complying with agreed upon educational goals, chartered schools are not bound by common educational administrative regulations. As such, the reforms of chartered schools are implemented in an exceptional manner that gradually turns former public schools into private and self-managed educational institutions, which boosts the quality of service provided by public schools for educational consumers (Feng 2004: 135).

Choosing Schools: Typical public schools are mostly under the theoretical guidance of governmental management, aiming to increase convenience, rather than student management, which has proved to be more conducive to the growth of students. Therefore, this management system is run under governmental monopoly. Under governmental management, all school participants have to follow the instructions provided by the local government, and children are required to enroll in the nearest institution rather and are deprived of the basic right to choose their own target schools. A considerable number of parents are forced to choose private schools for their children on account of their varying situations. However, this type of choice is largely affected by the occasional rigorous entry standards of private schools in terms of the intellect, specialties, and familial background of the young applicants. In addition, choosing private schools also entails significantly higher tuitions, which feeds the sense of injustice among many because the private-school opting families have already paid their children’s public school tuition by paying taxes, and these families have to make a second payment to private schools. For this reason, people appeal to include the right to choose schools freely into the scope of basic educational rights; families need to have the liberty of choice instead of adhering to governmental assignment to designated schools. School-choosing policies ought to encompass a series of concrete stipulations that aim to enhance pupil and parental liberty such as open enrolment, chartered schools, indenture projects, tuition reductions, and educational tax-free financial deposit. These policies highlight the obligations and responsibilities of the providers and the consumers of education, particularly the free choice on the consuming end (students, parents, and society), and allow free choice to play a role in important life decisions. Therefore, school-choosing policies have brought about a ground-breaking change with a compulsory hue to conventional public educational institution and become the spearhead of public-school reform (Friedman 1986: 96–111).
Competition: Introducing higher levels of competition into education signifies the end of traditional governmental instructions in the adjustment of education and the rise of market competition mechanism. What used to be accomplished by the administration has now become the job of educational institutions or some intermediary institutions, such as fiduciary institution, agencies, and other autonomous institutions, and become implemented under a type of new competitive mechanism. The government has extricated itself from its past position in providing educational services and is in the process of learning to adjust and allocate educational opportunities with higher efficiency by virtue of the comprehensive policy lever that maintains governmental strategic maneuver over education. Competition has effectively reduced educational costs while ensuring high educational quality and promoting school performance. Competitive mechanism offers students a true chance of free choice that in turn urges educational institutions to satisfy variegated consumer needs with higher flexibility. Under the force of this mechanism, economic goals will enjoy the brightest spotlight, and the market shall find itself in the dominant position in the sector of education. For instance, going abroad for education has become the new fashion for consumption. Overseas education shares a variety of characteristics commonly found in global trade and commodity’s exportation. Many advantageous countries in this respect have already re-directed their attention toward the hungry world market that has witnessed exponential growth in the number of international students, and advanced education is gaining popularity all over the globe. This alone has prompted high-education institutions worldwide to more actively engage in heated competitions seeking higher gross that has increased the complexity of the relationship between market and education (Shi 2005).

Indentured Education or Educational Voucher Theory: This theory was proposed by American scholar Milton Freidman in 1955. He was the first to recognize the problem of injustice caused by educational monopoly in public education, that is, those who opt for private education are bound to pay tuition a second time given that the first time was paid via taxation. In order to eliminate said injustice, Milton proposed indentured education as the demonstrative means of educational justice (Friedman 1986: 87–96). This indentured system became a common practice in the 1980s under which children and teenagers could acquire an indenture by which their parents could send the next generation to any school of the families’ own choosing. The parents then submit their indentures to the school at enrolment, and the schools use them to exchange funding accounts accordingly from the administration. The merit of this system is that it eliminates the unreasonable phenomenon of paying second tuitions and guarantees educational equality in this respect. Meanwhile, it also reflects the free choice of individual families. Lastly, education by indenture encourages schools to introduce bigger efforts into the enhancement of quality given the fiercer competitive environment.
8.2 China’s Educational Reform Since the 1980s

The public educational system in China emerged almost a century later than Western countries. However, after having undergone a developmental stage of approximately 100 years, the Chinese public educational system bloomed. In terms of positive aspects, this system fully motivated resources and strengths from every front accelerating the popularization of education and radically altered the vicissitudes of Chinese education. Nevertheless, China’s public education system underwent a similar trajectory as the West including the problematic phase of governmental monopolization.

Even though the reforms of the 1980s were primarily targeted at China’s own problems, and hence had their unique traits in terms of developmental logic, these reforms exhibited remarkable similarities with a number of other countries, indicating that a certain type of bad fate had been shared in a manner beyond political and cultural borders; such degree of universality was not coincidental.

8.2.1 The Emergence of Educational Reform in China

Although it emerged a century later than the West, China’s public educational system took on an all-encompassing look after long-time development, and the vicissitudes of Chinese education underwent fundamental changes. However, like Western countries, China’s public educational institution was also led mainly by the state. Hence, state monopoly of the development of public education had always been a serious issue. Things worsened since the Chinese Emancipation in 1949. Planned economy significantly influenced the function of education, and public educational institution was re-purposed into a government-founded, plan-adjusted, enclosed, and centralized system. In the 1980s, when China marched toward Reform and Opening, the most important issue facing education was to revamp the old system and build a new one that was convenient both for administrative coordination and the active elicitation of different social groups to partake in running schools, a system that granted schools significantly more liberty.

Educational reform began with the release of invigoration. Toward the end of 1979, four university presidents from Shanghai wrote a joint article in the People’s Daily, calling for reform of advanced education and the liberation of educational institutions. Their appeal generated strong social reactions (Su et al. 1976). The broadening of school independence, an encouraging contributions from all social groups have become the most vocal demands and major break-through points for every education-themed reform since.

Given the above background, how can we accurately comprehend the release of vitality in education? It is my contention that two basic pairs of relations ought to be captured:
The first is the relationship between the government and schools. Under a chronic planned economy, the control and adjustment to the Chinese society relied upon an extra-economical political institution. The chief engine of the institution was rule by people, which placed every sector of the society under governmental reach. The excessive strengthening of governmental influence caused the shrinking of socially independent power, and the situation in the educational sector was no different. In this case, the basic issue to address for the waves of educational reform in the 1980s was to change the framework of power allocation between the government and schools. To achieve this, the functions of the government had to change, which meant the delegation of power on specific affairs under the overall enforcement of governmental macro-management, which was bound to alter to no smaller extent both the comparative power structure and a portion of the legal relationship of some administrative nature between government and school. This type of institutional reform led to a complete split between the roles of the government and school; their relationship became one of host, school-runner, and manager, which patently effected the traditional allocation of educational power of China and posed an existential challenge to the new governmental role.

The second relationship was between education and market. An extremely critical factor that motivated the educational development of China was the social transition from a planned economy toward market economy. This transition encouraged the shift of the old integrated Chinese social structure toward one that was more diffuse, resulting in the birth of a new social sector in this process, the market. The adjustment to this sector was predicated upon fair exchange and fair competition under the economic rule of the market rather than the previous extra-economic political strength. Thus, in educational reform, the public educational institution was confronting a new social institution that was entirely different from the original planned economy, namely the market economy. Market interference made the positions of all social groups undergo evident changes, particularly the varied, re-adjusted relationship between the government and schools. The government, the market, and schools had become three inter-connected and inter-cancelling forces, and their respective rights and obligations needed to be redistributed under new institutional conditions.

8.2.2 Three Phases of the Reform and Educational Institution

According to the change in dynamics, the 30-year Chinese educational reform can be divided into the following phases: the first was the decade between 1985 and 1995 or “the First 10 Years”; the second was between 1995 and 2005 or “the Second 10 Years”; and the last was after 2005, when the contradictions from previous reforms began to erupt and a series of new complexities came to the fore, which began to be represented as the “Post Reform Era.”
8.2.2.1 The First 10 Years

The CCCPC issued *The Decisions on Reforms of Educational Institution* (henceforth referred to as *Decisions*) on May 27, 1985, stipulating that China should “cut in from educational institution and conduct reform systematically.” This document signified the beginning of educational reforms. These decisions particularly emphasized the reinforcement of macro-management, the implementation of simplified administration and the delegation of power, and the enlargement of schooling independence. Therefore, to revamp the old system built upon planned economy and to re-define the relationship between the state and school, simplified administration and power delegation became the prioritized goals of reform. Moreover, these goals were evidently mentioned and specifically regulated in the *Decisions*. In the meantime, the *Decisions* stipulated that education on the fundamental level should be provided under the principles of divided responsibilities of localities and hierarchical management. In terms of professional education, the *Decisions* clarified that the active participation of state-owned enterprises and administrative units should be encouraged and that the collective school-running strength of groups and individuals should be summoned. The professional schools, in addition to cultivating talents for departments of public units, should also accept the authorization from other units to groom professionals for a fee. In terms of advanced education, the *Decisions* sought to loosen control over the managerial structures of advanced educational institutions and to broaden their independence in school running under united national educational principles and plans. In addition, they were encouraged to enforce the associations between schools and production, technological innovation, and other social spheres, in order to increase the capability and activeness in their adaptation to suit the need of economic and social developments.

Notably, the notion of “independent school-running” proposed by university principles first reached official documentations; it transformed from myth to reality. This meant that in the reform characterized by simplified administration, the *Decisions*’ proposal included two aspects, namely the delegation of power from the central government to the local and then to respective schools. The re-allocation of administrative power was not limited within governments, from the central to the local, but also from within governments to schools.

Nonetheless, simplified administration has not always been a smooth journey; in fact, retroactive power retraction occurred in every phase of reform. Hence, power delegation and retraction were a pair of mutually competing ideas. The power delegation that began in 1985 led to a chaotic situation by the end of the 1980s. For instance, the scale of advanced education drastically increased to the point where the government had to impose restrictive measures. Therefore, power delegation was not a mere transfer of power; it gave rise to a number of subsequent issues. Right around this juncture, the issue of controlling educational scale and re-directing attention to engineering restrictive measures surfaced, and the process of power retraction then emerged. When viewed thus, power simplification was a circulatory process that always led back to its beginning. Reforms at this phase had the manifestation of power simplification, yet judging from its engine mechanism, the
delegation of power had not originated from lower social levels, but from the level of movers and shakers. Therefore, reform at this stage came from the design, planning, and promotion of decision-makers and was implemented with the distinctive characteristic of a top-down, all-compliant governmental mandate.

8.2.2.2 The Second 10 Years

The 1993 version of *China’s Outline on Educational Reform and Development* (henceforth referred to as *Outline*) was the second national document on educational reform from the CCCPC, and it could be seen as the mark of the second 10-year period. In comparison to the 1985 *Decisions*, the 1993 *Outline* implemented a measure of continuity in policy, but it also demonstrated evident shift in direction. Since 1985, the goals of the reforms to delegate power had not been completely realized. This was not merely due to the entangled power relationship between government and schools but also due to the resounding effects of the burgeoning market economy, which increased the complexity of the said relationship. Hence, the most pressing issue in the *Outline* was how to continue adhering to simplified administration and power delegation, because educational reforms appeared to be delving headfirst into the negative circulation of “delegation, chaos, retraction and relapse.” Meanwhile, the general reformative environment of China was undergoing tremendous changes, and it began to make way into the new stage of establishing a “market economy with socialist characteristics.” The change in the macro-environment led to changes in educational reforms. When the market economy grew into a new factor that education had to confront, the conventional and relatively crude relationship between the administration and public schools began to transform into that among administration, public schools, and the market. In the education sector, the topic pertaining to the new bond between education and market gained considerable attention, and all expectations were placed on the newly emerged Chinese market. The influence of this new factor is amply apparent in the 1993 *Outline*. In the *Outline*, despite the continuity of the 1985 *Decisions*, one important breakthrough was the recognition of the need to build an educational system adaptable to the new socialist market economy, which was a previously unprecedented phenomenon. The *Outline* also proposed to utilize financial and credit means to raise educational funds and to develop school-based industries and social services, provision of the necessary logistics for society, new faculty appointment system, new charge system in advanced educational institutions, etc. The *Outline* was an official statement declaring the relationship between education and the market, which provided political back-up for public schools to take advantage of the market.

Another critical change that transpired at the second stage was that of the dynamic mechanism of the reform. As mentioned above, the reform had previously been following the top-down principle of uniform compliance to higher power, and hence, it was almost always compulsory. However, since 1995, new instrumental characteristics started to emerge that were completely different from previous reforms. After the first 10 years, public schools started to bear the mark of some
profoundly re-grouped, even fundamentally different functions. Their behavioral ability and behavioral mode underwent some substantive changes. In this scenario, internally, public schools started to illustrate spontaneous actions related to institutional reform. The dynamic behind reforms no longer derived from top-down governmental will, but from profitable opportunities derived from institutional imbalance. Driven by economic interest, the direction of reform began to derail from the original path. This change resulted in the changes in public schools having some characteristics of induced institutional shift. The institutional roots of state-monopolized public education were finally shaken. Therefore, the state monopoly after 1949 was broken at the end of 1980s. The first breakers of state monopoly were private schools. They had been banned after 1949, but they re-emerged at the end of the 1980s. Due to their growing significance in meeting various social educational demands, private schools enjoyed rapid development within a short duration. Until the mid-1990s, private schools became an unignorable educational force. From then, the government and social strength both became major powers in hosting schools. The social provision of education began to be performed in two different channels, the public channel and the market channel. These two channels displayed an ever-varying competitive bond with each other. Unlike public schools funded by public financial maintenance, private schools funded themselves via private capital, and market mechanism was their main form of running their institutions, and they provided educational services through a non-market, public mechanism. The co-existence of two parallel mechanisms caused institutional imbalance; the new relationship mode between private schools and the government prompted the differentiation and re-grouping of the government’s relationship with public schools and gave the latter a possibility to procure profit. Starting from 1995, a batch of market-enthusiast public school managers raised the issue of remedying the ongoing flaws of the public educational system by importing the power of market economic power. The capital configuration and managerial means offered a new, feasible way to run schools. Some reformative actions based upon this school of belief appeared in some public schools. The pioneers of the reform actively invented a previously unheard-of new school-running system that connected public schools to the market to various extents. They newly founded schools that adopted some measures included in the 1993 Outline, but some were not designed and promoted by the central decision-making level; rather, they were promoted by some private individuals, groups, and organizations in the school-running community. These new measures fully benefitted from the space opened by the policies of the Outline, and they sought the opportunities brought about by institutional imbalance. On account of the apparent economic interest of the new school-running institution, these measures reached all kinds of schools with remarkable rapidness.

The incoming market factor prompted changes in terms of the original social and interest relations in the educational sector, whereby the reform goal of simplified administration and delegation of power had new connotations; apart from the power delegation from the central government to the local and from the local to schools, the governments continued to be faced with the re-allocation of power with the market. A large part of the functions and jurisdictions that used to belong to the
government during the era of planned economy gradually became the duty of the socialist market and the object of market-based adjustments. In this stage, the reform centered around simplified administration, and power delegation was faced with more issues than center-local and local-school power delegations. With the growth of the market economy, a new power structure concerning the issues of power delegations from the state to society began to arise, pertaining to the general public and to the market.

8.2.2.3 The Post Reform Era

The 10 years after 2005 was the third 10 years, and the concentration and the paths of reforms had experienced profound changes. Some complexities had also emerged, unlike previous reforms. The Post Reform Era did not end the reform; on the contrary, some reformative goals continued to be set in motion. Nonetheless, the problems that the third-phase reform had been facing were mostly triggered during previous reforms. They have emerged during the process of social evolution, deriving from the conflicts that appeared between the old social structure and the new. As far as the nature of these problems is concerned, they were neither historical nor similar to that of other countries. Hence, to some extent, we can consider the Post Reform Era as the reform to the reforms.

In the third 10 years of reform, a new social relationship of free trade emerged, and it had tremendous influence upon public schools. Some public schools effectively utilized their public educational resources; they extended free trade to the public educational sphere by charging fees, school choosing, changing school institutions, adopting two institutions in the same school, and establishing private schools under a public name. Unlike past educational relationships that bore a distinctive nature of power, the educational free trade relationship better reflected the spirit of private-law independence; this created a new right and obligation relationship among schools, teachers, and students: As consumers, students have the right to select schools, contents of education, and even designate teachers based upon their own demands and degree of satisfaction. Conversely, schools and teachers, as the providers of services, are obligated to fulfill their commitments made to the students by the standards of national education. Free trade in education transformed the relationship between learning and studying as an exchange process, and it became gradually rooted in a consumer’s culture. Courses and degrees have now incorporated social demands and are provided to the social members who have relevant demands with a fee. This conduct has shifted the concentration of schools on such educational products with commercial value and market effect such as course scores, degree certificates, and popular majors. However, the most instrumental aspect of education, that is, its basic value for individuals and the society, has been largely omitted, the result of which has been the complex phenomenon of education being stripped down to a simple “input-output” or “cost-effect” process.

After the changes made throughout the first two decades, the issue of educational justice was at the center of the stage in the Post Reform Era. In the public-school
sector, some measures in previous reforms parochially accentuated educational efficiency over its social justice. Some actual outcomes of reform clearly leaned toward the rich in society than the poor. Some people were determined to generate profits under the false pretense of running public schools. All these phenomena all indicated challenges against educational justice. Education then became a sensitive subject closely concerning social equality; the public began to fixate on the balance between efficiency and equality, educational charity and its profitability, general education and elite education, and quality-oriented education and result-oriented education. After two decades, the barycenter of educational reform shifted toward how to better understand the fundamental values of contemporary education and how to accurately capture the developmental complexity of educational reform, particularly the complex relations in terms of interest allocation involved therein to boost the moral standards and decision-making quality of educational reforms thereafter. In general, the problems that reform sought to resolve was “what kind of development to achieve and how to develop”; if said problems could not be handled appropriately, the fallout might have impeded the leftover space for Chinese educational reform, or even undermine the overall process of the social progression of China.

8.3 Several Conjectures on the Educational Future of China

In three decades into the Chinese educational reform, how to continue reforms of public education has become the central issue that has a huge stake in the Chinese educational future. Chinese public education ought to re-examine its functions and dynamics, and it ought to promptly respond to the new economic and technological concepts elicited by social development. Although we lack a certain accurate grasp on the ever-varying educational situations in contemporary China, judging from the actual vicissitude of the Chinese society, from the social demand on educational functions and their possibilities, conventional school borders will be broken into a new, substitute educational institutions that can be more diversified and flexible, ones that can provide every student with more developmental opportunities.

8.3.1 How to Handle the Relations Between State and Government and Between Government and School

Before the birth of public education, education had long served the general public. The institution of public education had been cultivated by nationalism; hence, two issues inevitably emerged, namely whether education be hosted by the state or by society and whether it be hosted by schools by private households. Debates and discussions on this issue have made frequent appearances throughout the entire developmental process of education for over two centuries. These questions also
branched out into a series of more specific issues at different stages, such as the issues concerning state and the public, and public and private schools, which patently complicated matters. The reforms after the 1980s could be seen as the logical extension of aforesaid issues that blighted Chinese education for the last two centuries. The reforms of a variety of countries commonly adopted the route of privatization and marketization to reshape public education, which was a critical direction of educational reform and a phenomenon that had been never witnessed in educational history. After 30 years of reform, the relationship between state and education experienced a fundamental change. Schools at all levels were more obviously characterized by nongovernmental and noncorporate features. Public education provided society with a very different type of educational product that, under particular conditions, was transformed into private or semi-private goods through the market channel. This change gradually altered the state–education relationship.

How then should this new trend be construed? The answer lies in the observational perspective of state–school relations. In modern society, the government has two basic functions. The first is to provide products that cannot be provided by the market, and the second is to ensure social justice. When we assess modern public education by these standards, one basic conclusion is that the excessive intervention of government is a problem that is yet to be resolved. This is no individual but an official judgement on account of the constant demand for reformative consensus of “simplified governance and power delegation” for over three decades. One can understand state–education relations as follows: in modern society, education could not be fully popularized if not for the power and means of the state; hence, education cannot solely be a private enterprise. Nevertheless, education in essence possesses private features, so private contribution cannot be entirely excluded from education. Viewed thus, the core issue of education reform is how to encompass both public and private participation through certain institutional form.

For this reason, future education ought to be diversified with constituting institutions that are both nongovernmental and noncorporate social organizations. Education ought to be charitable and provide public goods. Due to the non-monopolized nature of education, its products can be transformed into private and semi-private goods under certain conditions and offered to the general public via the government and market channels. The institutions that provide education are those possessing independent legal-person qualifications. They can be charitable or profitable depending upon different owners. Apart from merely ensuring allocation of educational opportunities, the government’s function lies chiefly in providing the society with products that cannot be provided by the market such as free obligatory education.

8.3.2 How to Uphold the Public Nature of Education

The Chinese educational enterprise, after having undergone 30 years of reformative development, currently faces a series of contradictions that appeared within the reformative process with the common theme of enhancing social justice. These
contradictions, fundamentally speaking, pertain to the recent changes induced by educational reform. Confronting said changes, the nature of education has become an inevitable issue. Although the Chinese society is improving by the minute, some ground principles regarding education remain unchanged, nor should they be any different. Education in essence is a social activity aiming to cultivate humankind through the instillation of social productive and day-to-day practices. Education promotes individual physical and mental development, it socializes people, and ultimately prolongs the healthy progression of the entire society. Therefore, hosting schools should not be an activity for economic gain but should be an altruistic act to benefit others, the society, and human civilization at large. It is an enterprise that excavates human potential from cultural, spiritual, physical, and social aspects and creates vital conditions for the existence and advancement of humankind. Hence, public in lieu of private education becomes the foremost value of modern education, unlike any other type of education in history. In particular, in the wake of China’s strides into modernity, education has become its grand undertaking that keenly concerns national strategy and people’s welfare. Summarizing, the public nature of education is its foremost value unlike any other forms of education that existed in the past.

The marketization and privatization of education is not all positive; it has given rise to unjust problems such as high tuition, random charging, blue-blood schools, trans-institutional schools, restrictive school selection, the dropping-out of under-privileged pupils, and the “citizenship treatment” of socially disadvantaged groups. The said problems directly resulted in the widening of gap between urban and rural education and increased disparity among regions and educational institutions of all levels that in turn induced uneven allocation of educational opportunities and undermined the public nature of education. Under such conditions, governmental interventions that are supposed to buttress social justice, owning to local-governmental negligence of educational responsibilities, have led to distortion of the public nature of education.

The public feature of education dictates that education cannot be fully provided by the market; rather, it must be provided by extra-market resource allocations. In modern countries, education is chiefly provided by government-run public school systems. The reason why public schools are the mainstream form of education is that they can effectively solve the problem of the non-paying consumption of educational products due to their non-selectiveness. Meanwhile, by virtue of producing pro bono or low-price educational services, the government can resolve the pricing issue of education due to its non-competitiveness. Therefore, public educational system is the optimal security mechanism for the realization of the publicity of education. Even though education can be proffered by the market, when market rules are implemented, education, as a public good, shall be transferred into private or semi-private goods. Given this fact, education is bound to possess to divisibility and competitiveness to some extent, which renders education a domain with profitability. As such, if the market is not appropriately restrained, the publicity of education shall be pronouncedly harmed.
It is fair to say that whether Chinese education can break through its reformative bottleneck hinges on whether public schools can adhere to their inherent publicity. Moreover, if public schools are able to maintain their publicity in waves of reform, said reform shall amount to a measure of triumph, and if not, Chinese educational reform shall face recession and defeat.

### 8.3.3 How to Handle the Relationship Between Education and Market

Owning to the appreciable return that education offers, the original educational system wholly under governmental control and strategically progressed by taking social needs into its consideration is inclining currently toward meeting the demands of private consumption: the emergence of an educational market is in the offing. The impact of the market has led to deep changes to China’s educational enterprise, which has yielded bi-faceted ramifications. On the one hand, the general public is now entitled to more choices and is enjoying more opportunities to be educated. On the other hand, as society gradually recognizes the rationality of said consumer’s culture of education, it has simultaneously become more sensitive to personal loss and gain. Personal interest has been deemed as a critical gauge of people’s satisfaction of social reality. The formation of the educational market has led to the infiltration of consumer culture into schools, which has in turn raised a variety of issues regarding educational ethics. Since the engine of the market is private gain rather than public benefit, if market restrictions prove to be inadequate, education is prone to resort to disorder, which could potentially alter the basic public nature of education. Hence, education cannot be equated to any commonplace commodity; pure reliance upon market channel will not balance educational supply with social demand. To ensure the realization of the publicity of education, appropriate restrictive measures should be implemented in the market.

First, appropriate legal supervision ought to be implemented upon schools, a type of special institution different from any other social organizations, to more explicitly discipline school behaviors. Specifically, due to the publicity of schools, their powers and capacities should also be limited. However, such limitations should adhere to educational regulations and respect their managerial independence. In terms of institutional arrangement, schools should not be equated to private corporations. Governmental influence on schools cannot be attenuated even with strengthening market interference. On the contrary, administrative supervision should serve as an instrumental limiting factor.

Second, profit-seeking school management should be precisely defined. The intervention of profit-seeking institutions should primarily satisfy the diverse educational demands of social participants and realize the public charitable feature of education. Clear laws disciplining profit-seeking host of education can guarantee education’s transfer into the market as a public commodity under strict regulations.
As profitable organizations reduce their share of the educational market, their qualifications, capacities, and legal rights are entirely different from those in other markets—in particular, the maintenance of effectual limitations and legal supervision against capitalist profit-seeking. All these features should be reflected with certainty, and the optimal means to achieve so is by law.

Third, the mutual relationship between government and state and their respective functioning territories should also be clearly demarcated. In the educational process of development, both the administration and state could dysfunction; therefore, these two forces are not mutually repulsive but are rather supplementary. In the meantime, in various educational domains, the functions of both the government and market are even more dissimilar with each other. For instance, mandatory education is legally imposed upon every single individual; only after having undergone such an educational phase can individuals fulfill their services to society and fulfill self-worth. As mentioned above, the public character of mandatory education far surpasses other educational domains; it is a main area where the state plays the leading role and this state responsibility should be reinforced. In the mandatory education stage, social justice should be patently reflected, which will make every individual accept the same conditions of education. Therefore, the provision of education can only depend upon the state to an even higher extent. However, extra-mandatory educational forms such as professional training and advanced education are not enjoyed evenly by every member of the society. Here, the so-called educational equality is primarily demonstrable through social equality, that is, the equality of changes, which guarantees solely the equality in terms of procedure and not that of outcome.

8.3.4 How to Design Future Educational Reform

Public educational system is never constant; it reinvents itself according to social changes, public demands of education, and school functions. However, the public is not yet unanimous about how such said reinventions should occur; the general public has to yet reach unanimity. Under these circumstances, how should educational reform react upon social development and how we should design future reforms are all up-to-date issues that we face today.

Roughly, there are two parallel reformative ideologies: the first is pursuant to civic law and the second commercial law. Put simply, the former emphasizes the publicity of education, i.e., national educational duties. In accordance with this, public schools are designed as a public service provider hosted by the state and through public financing, schools obtain the position of public legal person. The latter emphasizes more school independence and borrowed its inspiration from corporate reforms. It attempts to re-structure public school mechanism by means of legal person governance structure and by adjusting different interest relations among different stakeholders.
However, these two routes are all fatally flawed—the public law route might force Chinese public school reforms to backtrack to the situation under planned economy. The commercial law route might prompt public schools to be re-spawned as corporations or profit-seeking social organizations. In terms of the reform and development of public schools, there are two main goals; on the one hand, they should maintain the reformative outcome of the past three decades; on the other hand, they should insist on publicizing public schools. In a sense, this poses a conundrum on account of these mutually conflicting goals. To fulfill both these goals, the design of future reforms cannot make public schools retreat to national monopoly, nor should it push public schools further toward the market. For this, public schools, due to their activity goals and service subjects, should become a special type of institution between public and private law, a nongovernmental and noncorporate social organization. Public schools ought to be entitled their special legal-person position. Their rights and responsibilities ought to be regulated based upon such position, which will render public schools as independent entities and simultaneously reflect the publicity of this type of organization, distinguishing them from any other organizations.

References

Feng, D. (2004). *The perspective of educational management of America, the UK and Australia*. Beijing: Educational Science Press.
Friedman, M. (1986). *Capitalism and liberty*. Beijing: The Commercial Press.
He, W. (2008). *School reconstruction under neo-liberalism*. Beijing: Guangming Daily Press.
Lao, K. (2009). Public schools in two hundred years: Problems and reforms. *Peking University Education Review*, (7).
Shi, B. (2005). Relevant theories and explanation power of international education service trade. *Education Research*, (06).
Su, B., Liu, F., Deng, X. (1976). Give advanced education some independence. *The People’s Daily*. Retrieved December 6, 1976.
The World Bank. (1997). *World Development Report 1997: Governments in the changing world*. (Trans. by Cai Qiusheng et al.). Beijing: China Financial & Economic Publishing House.
Whitty, G., et al. (2003). *Delegation and choice in education: The school, the state and the market*. Beijing: Education Science Press.
Yan, F. (2011). The progression logic of educational privatization reform. *China Renmin University Education Journal*, (2).

Kaisheng Lao is the Distinguished Professor and Chief Expert of Educational Research and the chairman of the academic committee of Capital Normal University. He is the director of Education Policy and Law Research Branch of CSE. He is also the educational consultant of Beijing municipal government and a committee member of the National Curriculum and Materials Committee for Basic Education under the Ministry of Education. He was the director of Department of Education of Beijing Normal University, the director of Education Policy and Law Research Institute of Beijing Normal University.
Open Access  This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (http://creativecommons.org/licenses/by/4.0/), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter’s Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.