

# Comment

editorials • opinion

BAI PING

## Flicker of light at the end of *gaokao* tunnel

**G***ao* *ka* *o*: You can't live with it, you can't live without it. This is probably the best way I can describe how people feel about the all-important National College Entrance Examination that incarnates both a major education impasse and paradoxically, the pinnacle of Chinese social justice.

For evidence, I look to my recent column on whether a university should have trumpeted the number of top scorers in *gaokao*, which has triggered a torrent of responses from readers.

Some have echoed my opinion, like "Terrible System", saying the national examination produces one-sided students with no critical thinking and warning that "memorizing by heart everything is not education or learning, it's killing off something far more important to learn during your childhood: independence, leadership and critical thinking. Those are skills that once you lose, you almost cannot relearn."

But defending arguments were as, if not more, powerful. "Mencius", who posted thousands of words to make his point, believes "recognition of the *gaokao* champions for their diligence and talents will encourage other students to excel, and prevent mediocre students from taking the best positions, based not on ability, but on their connections."

I'm reluctant to judge who is right and who is wrong. The conundrum of *gaokao* even baffles the country's top education policymakers and educators, as I found days later at an international education seminar in Beijing.

There, Professor Tan Songhua, a member of the National Education Advisory Committee and one of the key architects of the *gaokao* system, conceded that holding the same tests for different universities has not been helpful in selecting students of diverse backgrounds and abilities, and admissions based mainly on *gaokao* scores have led to "a waste of precious time" for students who spend a year on raising just a few points to surge ahead.

In addition, the tests tend to emphasize "knowledge" rather than creativity of students, which limits the performance of examinees, he said.

However, even after decades of tinkering, the system has remained basically unchanged because in times when social trust is lacking, *gaokao* results are seen as the fairest criterion for admission to college, to the extent that they have become the "bottom line of social justice".

It would be unfair to expand the scope of *gaokao*, such as assessing musical talents, because of the vast gap between students from families in the more developed eastern cities and those in the poverty-stricken west, Tan said.

Still, education authorities have been pressured to overhaul the system, albeit in a slow and painful way. For example, in the coming years, *gaokao* scores could gradually be relegated to merely one of the criteria for admission, while the government exam departments could give way to "professional" test services, Tan told an enthralled audience, including American educators who are more familiar with standardized tests organized by nonprofit organizations.

But a holistic and coherent plan is yet to be worked out to make the changes, as decision-makers are weighing various options and will time their moves carefully to maintain social harmony.

The process could go faster than expected, with more students reneging on *gaokao* each year. At a panel discussion during the meeting, heads of several top high schools of the Chinese mainland that have thrived on excellent *gaokao* results enthused about their philosophy and achievements in nurturing all-rounded students, with cases including bird watchers, inventors, a filmmaker and a cyclist across the country.

Then where are the best and brightest minds headed after graduation?

"This would be the last question I want to think about, and even less to answer," lamented Liu Changming, principal of the popular Beijing No 4 High School. "Most of them have given up *gaokao*, because they consider it a waste of life. Except a few, all have chosen to apply to foreign universities."

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CHINA FORUM | YU YONGDING

## At a development crossroads

Economic slowdown has given China the chance to choose between high GDP growth and faster structural adjustment

**C**hina's annual GDP growth slowed to 7.6 percent in the second quarter of 2012, down from 8.1 percent in the first quarter and the lowest growth rate since the second quarter of 2009.

The newly released growth data may have dispelled fears of a hard landing for China, but have nonetheless prompted many to argue that China must stimulate its economy further to guarantee 8 percent annual growth.

Since early 2010, in order to contain inflation and property bubbles, the Chinese government has tightened monetary policy. As a result, inflation fell in June to 2.2 percent, a 29-month low, and house prices, for which the National Bureau of Statistics unfortunately has stopped issuing official data, seem to be stabilizing, and may even have fallen, albeit modestly.

The slowdown in China's growth rate is, to a certain extent, a reflection of the success of the government's effort to rein in the real estate bubble, as well as of other official policies aimed at rebalancing the economy. The growth rate of investment in real estate development, which directly accounts for more than 10 percent of GDP, plummeted by 16.3 percentage points year-on-year in the first half of 2012. That led to an investment slowdown in many related industries,

such as construction materials, furniture and appliances, causing annual growth in fixed-asset investment to fall from 25.6 percent to 20.4 percent.

The trend for household consumption is less clear. But many economists have found evidence that growth in household consumption in the first half of 2012 was stronger than official statistics have shown.

The slowdown of the economy in 2012 should have been anticipated in 2011 by the government. In early 2012, in his speech to the annual National People's Congress, Premier Wen Jiabao, explaining why the government's indicative target for economic growth in 2012 was 7.5 percent, pointed out that the purpose was "to guide people in all sectors to focus their work on accelerating the transformation of the pattern of economic development and making economic development more sustainable and efficient".

In fact, to create adequate space for changing the GDP-centered growth pattern, China's 12th Five-Year Plan (2011-15) set an indicative target of 7 percent annual average GDP growth.

China's investment rate is about 50 percent of GDP, while real estate investment accounts for more than 10 percent of GDP. Given the prevalence of repetitive constructions and ubiquitous waste, investment efficiency is deteriorating quickly. With an annual growth rate of

10 percent, an investment rate of 50 percent implies a capital output ratio of five, which is unusually high relative to other countries.

China's consumption rate is 36 percent. If government statistics are reliable, this rate is simply too low. While huge amounts of money have been poured into physical infrastructure, public expenditure on human capital and social security is below the world average. More resources should be reallocated from physical capital formation to human capital formation.

Thanks to persistent current account and capital account surpluses for two decades China has accumulated \$3.2 trillion in foreign exchange reserves. But, as a country with huge net foreign assets, China runs a deficit on the investment income account. Since 2008, China's current account surplus as a proportion of GDP has fallen significantly. But China is still running twin surpluses, and there is a lingering question about whether the fall is structural or cyclical.

Indeed, China needs to accelerate its economic adjustment, even at the expense of growth. Otherwise, it will have to pay an even higher adjustment cost later.

For many years, the government has maintained an implicit minimum annual growth target of 8 percent, which was considered necessary to create 10 million new jobs annually. But demographic

and other structural changes may have altered labor market conditions; so far, despite below 8 percent growth, there seem to be few signs of distress.

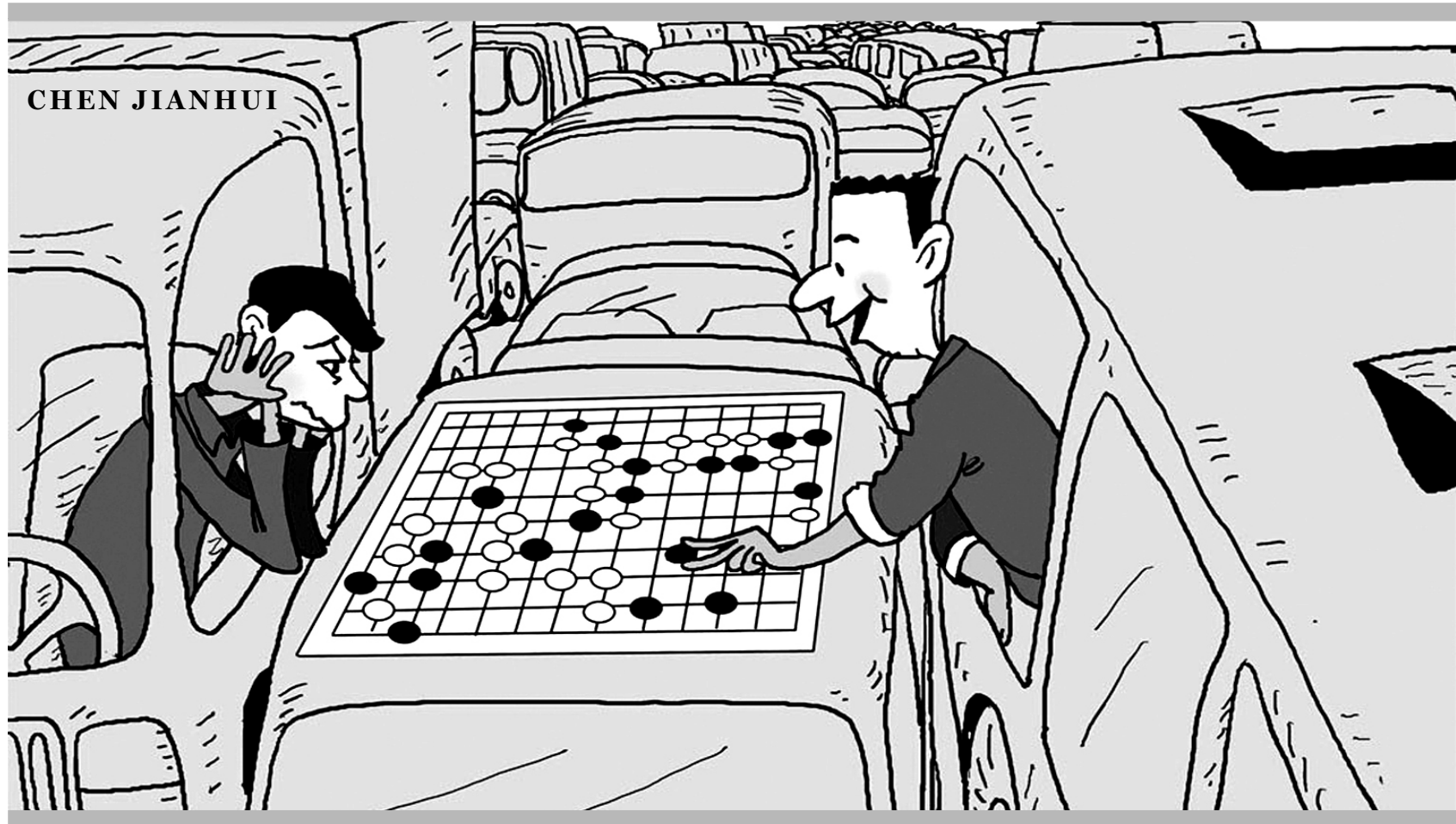
The question now is whether the government will be unnerved by the poorest quarterly growth performance in three years and usher in a large stimulus package, with the consequences that China has experienced whenever such a package is implemented.

Wen said recently that China "should continue to implement a proactive fiscal policy and a prudent monetary policy, while giving more priority to maintaining growth". Moreover, in recent months, the government has approved some large steel and energy projects, and more such approvals may come.

It is certainly appropriate for a government to respond to changing circumstances in a timely fashion. But the slowdown to 7.8 percent annual growth in the first half of 2012 does not warrant a change of policy direction.

China must choose between higher growth and faster structural adjustment. It cannot have both at the same time. Faced with the current slowdown, China can afford to stay on course, at least for the time being.

The author, president of the China Society of World Economics, is a former member of the monetary policy committee of the People's Bank of China. Project Syndicate.



## This is the right road to socialism

**Editor's note:** Party General Secretary Hu Jintao addressed the opening session of a workshop for ministerial and provincial officials on July 23. The following is the latest People's Daily commentary on the speech:

The kind of banner we hold to guide social progress and the kind of guiding ideology we depend on to unite public opinion will decide the success or failure of our cause.

Addressing a workshop for ministerial and provincial officials on July 23, Hu Jintao once again stressed that socialism with Chinese characteristics is a distinct achievement of the Party and the people through more than 90 years of struggle, creativity and accumulation, an achievement that we must redouble our efforts to cherish, stick to and develop further.

We have opened a socialist road, formed a socialist theoretical system and established a socialist system, all with Chinese characteristics, in the process of devising a series of theories and practices over the past decades. These theories and practices range from the decision to initiate the reform and opening-up policy to the drafting of an overall plan for socialism with Chinese characteristics, from the creation of Deng Xiaoping Theory to the creation of the important thoughts of Three Represents and the Scientific Out-

look on Development, from the establishment of a socialistic market economic system to the development of a legal system with Chinese characteristics.

On the basis of practice-based theoretical innovations, we have formed and implemented the Scientific Outlook on Development over the past decade, a significant strategic thinking which we must adhere to and implement in developing socialism with Chinese characteristics. All these significant achievements answer such questions as what kind of banner we should hold and what kind of road we should embark on, both of which are pertinent to the fate of the Party, the future of the nation and the welfare of the people.

To fully realize the rich substance and internal requirements of socialism with Chinese characteristics, we should fully understand correlations among the socialist road with Chinese characteristics, its theoretical system and its political system. Socialism with Chinese characteristics is a banner for the development and progress of contemporary China. It is also a banner for the unity of the whole Party and people of all ethnic groups.

The socialist road with Chinese characteristics is the only road to realize socialist modernization and create a better life for the people. The socialist theoretical system with Chinese characteristics is the

theory that can guide the Party and the people to realize national rejuvenation. The socialist system with Chinese characteristics, which will provide fundamental institutional guarantee for China's development and progress, is an embodiment of the characters and advantages of socialism with Chinese characteristics.

By embarking on the socialist road with Chinese characteristics, we have developed ourselves into the world's second largest economy, established the world's largest social security system, succeeded in combating the sudden outbreak of SARS and overcome the deadly Wenchuan earthquake. By following the socialist earth with Chinese characteristics, we have continuously created "miracles" in improving people's living conditions. By adhering to socialism with Chinese characteristics, we have given a satisfactory answer to how we have overcome the global financial crisis.

Our adherence to socialism with Chinese characteristics fundamentally depends on our adherence to the socialist road with Chinese characteristics, and its theoretical and political systems.

To fully realize the rich substance and internal requirements of socialism with Chinese characteristics, we should have a profound understanding of practical, theoretical, national and contemporary characteristics of socialism with Chinese

characteristics. This socialism is the Party's theoretical innovation, based on China's national conditions and the combination of the tide of the times and the practices of reform and development.

To continuously push forward socialism with Chinese characteristics under new historical conditions, we should continue advancing with the times and deepening our perceptions of the laws of the Party's governance, socialist construction and humankind's development.

To fully realize the rich substance and internal requirements of socialism with Chinese characteristics, we should have an in-depth understanding of the powerful force of developing socialism with Chinese characteristics. The reform and opening-up are a crucial choice that has decided the fate of contemporary China and contributed to its rapid development over the past 30-odd years. We should continue unwaveringly to adhere to this initiative for further development.

There are no limits for the expansion of the socialist road with Chinese characteristics, and its theoretical innovation and institutional improvements. By holding high the banner of socialism with Chinese characteristics, we can firmly take the right direction for the development of the cause of the Party and the nation, and create a broader prospect for it.