

From Expansion to Governance: China's Higher Education at a Strategic Turning Point

Futao Huang

China's higher education system is entering a post-expansion phase in which growth is no longer the central organizing principle. Having reached near-universal participation, the system now confronts demographic decline, labor market mismatch, and intensified institutional stratification. China's experience illustrates that the move from expansion to consolidation is not merely technical but political and normative, carrying implications for how higher education systems worldwide adapt to conditions of scale, constraint, and uncertainty.

For more than four decades, China's higher education development has been guided by the dominant logic of expansion; quality improvement, while never absent, was treated as a secondary priority. Universities multiplied, enrollments grew rapidly, and participation rates climbed at a speed unmatched in most parts of the world. This expansionary phase supported economic modernization, absorbed demographic pressure, and symbolized national progress.

That era is now ending. China's higher education system is entering a post-growth phase whose core challenges are no longer about scale but about structure, differentiation, and governance. The system is approaching universal participation while simultaneously confronting demographic decline, labor market mismatch, and heightened institutional stratification. These changes place China at a strategic turning point with implications for domestic policy and global higher education alike.

From Massification to Universal Access

By 2024, China's gross enrollment rate among the university-age cohort had reached approximately 60 percent. This achievement represents a historic transformation from an elite system serving a small minority in the late 1970s to one enrolling more than 40 million students today.

Reaching this level of participation has also fundamentally altered the policy agenda. When expansion was the overriding objective, problems of quality, equity, and institutional diversity could often be deferred. In a universal-access system, however, expansion loses its neutrality. Additional growth no longer guarantees greater opportunity and may instead exacerbate existing tensions.

China's demographic context is shifting rapidly as well. The size of the traditional college-age population is projected to decline, while graduate employment pressures are intensifying. These trends expose structural misalignments between institutional

missions, program supply, and labor market demand. Today's key question is not how many students the system can absorb, but how it can be governed more effectively under conditions of scale and constraint.

System Restructuring, Differentiation, and Stratification

Policy attention is moving toward restructuring rather than enlargement. Measures such as closing or combining programs, encouraging institutional mergers, and redefining functional roles are increasingly common. Authorities have also sought to promote clearer differentiation among research-intensive universities, teaching-oriented institutions, and vocational or application-oriented providers.

These strategies resemble earlier responses in countries such as Japan, South Korea, and several European systems. What distinguishes China is the magnitude of its system; even modest adjustments generate system-wide consequences. Differentiation is thus not simply an organizational matter. It is in fact a highly political process involving central ministries, provincial governments, and individual institutions. The challenge is not to avoid stratification—hierarchies already exist—but to prevent differentiation from hardening into a rigid and exclusionary order. A system that rewards only a narrow group of elite institutions risks reducing mobility and undermining functional diversity.

However, one outcome of recent Chinese policy is the growing concentration of resources and prestige in a small group of elite universities. Projects such as the Double First-Class Initiative have strengthened research capacity and global visibility at the top of the system. This pattern builds on earlier large-scale state investments in elite university construction, notably the 211 Project and the 985 Project. Between the late 1990s and the early 2010s, these programs funneled substantial public resources into a limited number of top universities. Since 2016, the Double

First-Class Initiative has attracted additional cumulative public funding on the order of tens of billions of US dollars.

These efforts were widely regarded as successful in boosting China's research status on the world stage. Yet they also institutionalized a funding structure that favored a small group of flagship universities. As financing, talent, and performance incentives are channeled upward, many regional and local institutions come under strain as they attempt to absorb large numbers of students, support employment outcomes, and serve regional development with comparatively little support. Such dynamics are not unique to China. However, the country's scale and strong state steering role amplify stratification.

Rebalancing Academic and Applied Pathways

A second tension concerns the relationship between academic and applied education. For more than a decade, national policies have aimed to strengthen vocational and application-oriented institutions. This emphasis reflects recognition that not all graduates should follow academic or research trajectories and that economic transformation calls for diverse forms of human capital. In practice, though, progress has been uneven. Academic degrees continue to enjoy higher social status, whereas applied pathways often lack comparable funding, prestige, and progression routes.

Many institutions find themselves caught between policy expectations and market realities; they are urged to become more practice-oriented but are held back by academic norms. Aligning institutional missions with labor market needs requires coordination across administrative levels and a reconfiguration of incentives that have long privileged academic credentials.

Global Engagement in a Fragmented Environment

To further complicate matters, China's post-growth transition is unfolding within a changing global context. International collaboration is essential for research quality, talent development, and institutional reputation. At the same time, geopolitical tensions, research security concerns, and shifting mobility regimes are reshaping the conditions of engagement.

Universities now operate under a dual imperative: to remain globally connected while exercising greater caution. Partnerships are subject to closer scrutiny, cross-border data flows face new constraints, and both inbound and outbound mobility confront uncertainty. Internationalization is therefore being transformed—evolving from rapid expansion toward more selective and strategically managed forms. Research-

intensive systems in North America, Europe, and Asia share these pressures. What distinguishes China is its combination of strong state capacity, explicit national ambition, and the scale of its higher education sector.

Governance Capacity as the Central Issue

If expansion characterized the past phase of development, governance capacity will define the next. Managing a universal-access system requires more than ambitious targets or flagship projects; it demands coordination mechanisms that can balance autonomy and accountability, diversity and coherence.

One challenge is policy overload. Universities are expected simultaneously to enhance research excellence, improve teaching quality, support graduate employment, foster innovation, serve regional development, and comply with expanding regulatory frameworks. Without clear prioritization, such expectations risk fragmenting institutional strategy and exhausting leadership capacity.

Another challenge is tied to incentives. Performance indicators, funding formulas, and rankings strongly shape institutional behavior. If these tools privilege narrow metrics, they may unintentionally compromise broader goals such as social inclusion, regional balance, and long-term sustainability. The shift from growth to governance thus involves not only technical reform but also normative choices about what kinds of institutions and outcomes are valued.

Implications Beyond China

Although rooted in the Chinese case, these developments speak to wider global trends. Many systems are approaching post-expansion conditions marked by demographic decline, fiscal pressure, and geopolitical ambiguity. A major lesson is that consolidation is not neutral: decisions about which institutions to support, which programs to close, and which missions to pursue convey social values as well as economic calculations. The politics of redistribution become more evident once growth is no longer the main organizing principle.

For international observers, China functions as a laboratory for considering how higher education systems adapt when expansion ceases to be the prime policy solution. The outcomes will inform not only domestic opportunity structures but also global patterns of knowledge production and academic cooperation. The question is no longer how large the system can become, but how effectively it can operate under new demographic, economic, and geopolitical conditions. In addressing this question, China's choices will resonate far beyond its own borders.

Futao Huang is a professor at the Research Institute for Higher Education, Hiroshima University, Japan. Email: futao@hiroshima-u.ac.jp.