

Pan-Marketization Phenomena in Contemporary China⁺

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Abstract

China's reform and opening up has entered a new stage of building a moderately prosperous society, developing socialism with Chinese characteristics and building an innovative country. However, in the process of reform and opening up, there have been many unavoidable problems. In the first decade of the new century, some contradictions hidden in Chinese economic and social institutions have gradually emerged. What is worth pondering is that the appearance of these contradictions results from some misleading theories and erroneous ideas. In addition, some man-made mistakes have aggravated the chaos during the economic and social transformation. It is necessary to rethink the ideological misconceptions and to create a proper development concept, to maintain and implement the "Twelfth Five-Year Plan".

Keywords: *socialist market economy, income gap, medical system, education, environment pollution*

JEL classification: *A14, P36, P37, Z13*

1. Introduction

Under the guidance of Deng Xiaoping Theory, "Three Represents" and "A scientific outlook on development", the Chinese national economy has gone through its second five-year period in the decade of the 2000s. The most updated economic census in 2009 indicates that the number of legal units in the secondary and the third industries increased up to 7,099,000 units at the end of 2008, with an increase of 37.3 per cent, compared to the first economic census in 2004. Meanwhile, in accordance with international practice, the state statistics bureau adjusted the gross domestic product (GDP) in 2008 and announced that the GDP after adjustment was ¥31,404.5

billion RMB¹ in 2008. The added value of primary industry was ¥3,370.2 billion RMB, which accounted for 10.7 per cent of GDP. The added value of secondary industry was ¥14,900.3 billion RMB, which accounted for 47.5 per cent of GDP. The added value of tertiary industry was ¥13,134 billion RMB, which accounted for 41.8 per cent of GDP (Ma, 2009). Adopting the reform and opening up policy, China has maintained a uniquely high economic growth rate for a third of a century. China has indeed created a miracle in the history of the world economy. After conducting a contrastive study on the comprehensive strength of China and other countries, China's Academy of Social Sciences on 24th December 2009 held a meeting to report on the 2010 world economy and international situation. Moreover, in this meeting, "World Economy Yellow Book", "International Situation Yellow Book", "Analysis and Prediction of 2010 World Situation" and "Annual Report on International Politics and Security, 2010" were released. The Yellow Books showed that the comprehensive national strength of the United States, Japan and Germany ranked in the top three positions, and China ranked seventh out of 11 advanced nations. Moreover, the military power of the United States, China and Russia ranked in the top 3 positions (Li and Wang, 2009). The socialist system has played an important role in the rapid growth of China's comprehensive national strength. For example, under the guidance of a correct political line, China has maintained a long-term stable social environment, macro-controlled national resources, and has carried out sustainable construction guidelines and has fully mobilized its labour force.

China's achievement has been favourably noticed by the whole world. The Millennium Development Goals of the Millennium Summit of the United Nations in 2000 was most persuasive when evaluating a country's development. In 2008 in an interview with reporters of Xinhua News Agency, the deputy secretary general of United Nations, Zukang Sha, who was responsible for economic and social affairs, stressed that the Chinese government and people had made painstaking efforts to achieve the Millennium Development Goals and had made great achievements. China halved the proportion of poor people ahead of schedule. China had fulfilled the goal of guaranteeing that all children finish their primary education, which goal was supposed to be realized in 2015. What is more, China also had made great achievements in reducing the mortality rate of children under 5 years old and in improving maternal health. At the same time, some authoritative international reports gave credit to China's development. The United Nation's Millennium Development Goals Report (2008) attributed the dramatic fall in poverty of East and Southeast Asia to the rapid economic development of China (Zeng and Wang, 2008).

1.1. The Reform and Opening up Policy Wins Support among the People

The achievement of China's economic and social development should be attributed to the implementation of the reform and opening up policy and the socialist market economic system. Before 1978, China was a country suffering a low level of social productive forces and a backward economy. Chinese people were living in poverty. China's second leader generation led by Deng Xiaoping broke the previous rigid ideology and opened up a new period of reform. Deng pointed out that poverty was not socialism, and that the life and productivity in a socialist country should be better than that in a capitalist country. Therefore, reform was the only choice for China to break the status quo. Thus, exploratory reform arose from difficulties. The main contradiction in that period was the shortage of materials. Moreover, there was a most pressing need for China to develop its productive forces. According to China's actual situation, Deng designed the blueprint of reform and opening up. Deng's core philosophy could be summed up in one of his classic sayings: "Whether a cat is black or white, the one that can catch mice is the good one", which means that as long as it was good for China's socialist construction, all methods were acceptable. Deng chose a strategy to concentrate all efforts on the development of social productive forces and to mobilize all people to engage in the activities of the commodity economy. Under the guidance of this chief architect, beginning in rural areas, China's reform has achieved a remarkable success in a very short period. Peoples' lives have been improved. What is more, by giving priority to efficiency with due consideration to fairness, social fairness was better maintained. Reform was deeply rooted in the hearts of people, and national strength was strongly developed.

1.2. Energetic Socialist Market Economy

The most important problem in human social and economic activities is the contradiction between unlimited material needs and limited natural resources. Therefore, the primary goal of all production activities is to produce the most consumer goods with the least resources, which is also the resource allocation issue of economic theory. The planned economy China applied before reform which advocated the allocation of resources by administrative practice also had the problem of low efficiency. Absorbing the experience of western industrialized countries, China has changed the original mode of production and shifted from a planned economy to a market economy.

1.2.1. Optimal allocation of resources improves productivity

The most effective function of the market economy is to optimize the allocation of resources, to select the superior and eliminate the inferior through

market competition, to promote the progress of science and technology as well as to greatly improve economic efficiency. The high efficiency of the market economy has been proved by history. In the “Manifesto of the Communist Party,” Marx and Engels pointed out that “*the bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together*”. The bourgeoisie colonized other countries with guns, engaged in business, even involved in evil people trafficking. In order to facilitate trade, the bourgeois built large-scale railroads in order to transport goods, and introduced telegrams to exchange business information. By promoting commercial production and the exchange trade, ancient farming practices changed. Just as described by Marx and Engels, this is what occurred: the “*subjection of nature’s forces to man, machinery, application of chemistry to industry and agriculture, steam navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization or rivers, whole populations conjured out of the ground*” (Marx and Engels, 1995). It is the material force for bourgeois to defeat feudal nobles and lords. From the perspective of history, the mechanism of the market promotes the survival of the fittest and efficiency in commercial products, in factors of production, in enterprises and manufactories. In addition, this function of the market mechanism has unique advantages, compared with other mechanisms. Therefore, the market economy plays a significant and irreplaceable role in the efficient allocation of resources and in the development of social productive forces.

1.2.2. A new record of rapid growth of wealth

Nowadays, economic globalization has developed rapidly. The notable features of a strong country are the large sums of foreign exchange reserves, cross-border investment, the ability to allocate resources, and to rapidly increase profit. According to the financial report published by People’s Bank of China, since early 1999, China’s foreign exchange reserves have kept hitting new highs in recent years. In the past two years, foreign exchange reserves almost make a new record every day. At the end of 2010, China’s foreign exchange reserves were up to \$2,847.338 billion USD². And at the end of June 2011, reserves reached \$3,197.5 billion USD, with an increase of 30.3 per cent (People’s Bank of China, 2011). According to the website of the Administration of Foreign Exchange, at the end of 2011 China’s foreign exchange reserves were \$3,181.148 billion USD. Foreign exchange reserves of China keep ranking first in the world, which is almost thrice the amount of the second-ranked country, Japan. The huge foreign exchange reserves of China demonstrate the fact that increasingly powerful national strength not only has set a more solid financial base for China’s participation in

international economic competition, but also has provided a strong guarantee for the defense of various risks. That is because, with abundant exchange funds, China can carry out its macro-control policies gradually, can maintain a balance of international payments and is able to give more support to economic and social development.

In a word, the world is paying attention to China's economic development, and China plays an important role in the world economy. Under the guidance of Deng Xiaoping Theory and "Three Represents", China will achieve greater economic and social progress at a higher level. The Chinese people will be able to complete their historical mission.

2. A Pressing Problem: Widening Income Gap

The building of socialism is an unprecedented process of civilization, accompanied by many difficulties, and so is the process of China's reform. Nowadays, Chinese people clearly know that in 1978, China was suffering from the catastrophe of "the cultural revolution" and the national economy was near the brink of collapse. The Chinese Communists led by Deng Xiaoping turned back the powers of darkness and opened a new era in the history of China. However, the situation in China at that time called for limited reform and the opening up of certain aspects of the economic system. It was impossible for China to get total victory if it did not carry out a reform and opening involving all industries and areas. The reform cannot be perfect, and that is why we should continually reflect on the reform process. A comprehensive summary and self-examination of economic historical development is the prerequisite for the continuing advancement and development for any society. Review of the past and self-examination are two aspects of social thinking. People should have the courage not only to review the wrong practice in the past, but also to self-examine. Self-examination does not mean denial, but reverse thinking and analysis of a society's social status or analysis of the things that have already been established. Reflecting on China's social reality is to go beyond common, to raise questions and to think in reverse. Materialist dialectics of Marxism states that things trend upward in a screw type, and therefore, we need to follow the law of negation.

Reflecting on reform is to revise the errors made in the process of past reforms, and to base current reforms on facts, which is also the requirement of social reality. With the development of reform, people gradually found that, because of the influence of pan-marketization ideas, some places overemphasized the pace of development, while ignoring the effective use and protection of resources and the environment on which humans rely. Unscrupulously predatory exploitation seriously destroyed the friendly relations between humans and nature. Excessive pursuit of economic interests

led to loss of morality, lack of soft constraints, and declining cohesion. Some unscrupulous people forgot honour at the prospect of profits and did things in irregular ways instead of working hard. Commercial credit, business ethics and business image became fragile in the market economy. Some people misinterpreted national policies to serve their own immediate interests, as well as sectional interests, which seriously violated social equity. The Chinese people did not appreciate this behaviour.

2.1. The Widening Gap between Rich and Poor Rings the Alarm

China is a socialist country with the prosperity of the masses as its constitutional goal. In the new century, China is trying to build a harmonious socialist society. One of the most important issues to complete this task is to rationalize social allocation, which is not only a requirement of social stability, but also is the essence of socialism. According to the survey data released by the World Bank in 2010, 5 per cent of the population in the United States occupied 60 per cent of the national wealth. However, in China, 1 per cent of the population occupied 41.4 per cent of the national wealth. China became the country with the most serious polarization in income distribution. The Gini Coefficient rose from 0.28 at the beginning of reform and opening up to 0.48 in 2007. In recent years, our Gini Coefficient has reached to the international alertness line level (Cong and Li, 2010).

The Gini Coefficient is an important international analysis indicator to evaluate residents' income distribution in a country. The economic implication of the Gini Coefficient can be thought of as the ratio of equality over total income. The international alertness line level is 0.4. Gini Coefficient ranges from 0.4 to 0.6 represents uneven income distribution, and a Gini Coefficient over 0.6 represents a high degree of uneven income distribution. There is a serious disparity in income in China. There are rows of high-rise buildings in China's inner cities. However, we can also see the shadow of villages in some downtown area of cities. This kind of area is vividly called village in the city". Different industries in which residents work and the various positions of urban residents lead to the income gap. Although a difference in the distribution of income is inevitable, this income difference should be controlled within a moderate range in a specific period. In addition, social tolerance and other factors should be taken into account.

At the same time, the income gap measured by Chinese family per capita income is expanding (see Table 1 and Table 2). In 1999, the income gap of household per capita between urban and rural residents was ¥3,000 RMB, it rose to ¥6,485.2 RMB in 2004, the income gap between urban and rural areas exceeded ¥10,000 RMB. The gap reached ¥12,021.5 RMB in 2009. During the period between 1999 and 2007, the income gap between urban

Table 1 Household Per Capita Income of Urban and Rural Residents, 1999-2004

Unit: yuan/person, ratio

Year \ Gap	1999	2000	2001	2002	2003	2004
Urban per capita income	5854.0	6280.0	6859.6	7702.8	8472.2	9421.6
Rural per capita income	2210.3	2253.4	2366.4	2475.6	2622.2	2936.4
Income gap	3643.7	4026.5	4493.2	5227.2	5850.0	6485.2
Ratio of urban per capita income over rural per capita income	2.65	2.79	2.90	3.11	3.23	3.21

Notes: 1. Urban per capita income refers to the per capita disposable income of urban residents; rural per capita income refers to the per capita income of rural residents.

2. The ratio of urban per capita income over rural per capita income is based on the net income of farmers as 1.

Source: National Bureau of Statistics, *China Statistical Yearbook, 2010*, Beijing: China Statistics Press, 2010.

Table 2 Household Per Capita Income of Urban and Rural Residents, 2005-2009

Unit: yuan/person, ratio

Year \ Gap	2005	2006	2007	2008	2009
Urban per capita income	10493.0	11759.5	13785.8	15780.8	17174.7
Rural per capita income	3254.9	3587.0	4140.4	4760.6	5153.2
Income gap	7238.1	8172.5	9645.4	11020.2	12021.5
Ratio of urban per capita income over rural per capita income	3.22	3.28	3.33	3.31	3.33

Notes: 1. Urban per capita income refers to the per capita disposable income of urban residents; rural per capita income refers to the per capita income of rural residents.

2. The ratio of urban per capita income over rural per capita income is based on the net income of farmers as 1.

Source: National Bureau of Statistics, *China Statistical Yearbook, 2010*, Beijing: China Statistics Press, 2010.

and rural residents has a linear upward trend, with ¥12,021.5 RMB as the highest, ¥3,643.7RMB as the lowest. Although the gap narrowed slightly in 2008, it was expanded in 2009, reaching a peak in 2007. Adding subsidies and benefits, the ratio of this gap could reach 4-5, or even a higher ratio. Chinese farmers make up a big section of the population. Unsurprisingly, they are the driving forces to promote economic development and to form the basis of country prosperity. Undoubtedly, the gap between urban and rural areas has become China's most serious and urgent problem. We should carry out some practical measures to control the income differentiation, to rationalize the income distribution in China.

History shows that when the Gini Coefficient is ultra-high, low-income groups will have a feeling of relative deprivation, will have a hatred of the rich and a desire to revenge society, leading to a series of social problems. At the same time, it is difficult to achieve fair competition and an efficient allocation of resources because of the serious polarization. The authoritative inquiry above shows that China's Gini Coefficient has reached the international warning line 0.4. The gap between rich and poor has become a disturbing social problem in China.

The uneven distribution of wealth in China has attracted the attention of international communities. The report released by Boston Consulting Group in May 31, 2011, showed that the global wealth recovered with an increase of 8 per cent compared to the last year at the end of 2010. The number of families all over the world with more than one million U.S. dollars assets increased by 12.2 per cent over 2009 levels, reaching 12,500,000, which means 0.9 per cent of the families all over the world were super-rich and occupied 39 per cent of the global wealth, with an increase of 2 per cent over 2009. Compared to other countries, the number of rich in China increased the most, accompanied by the largest gap between the rich and poor. Before 2010, 1.1 million families in China earned more than one million U.S. dollars, while only 0.4 million families in Germany. However, the national per capita income of China still lagged far behind other developed countries. According to the National Bureau of Statistics, annual per capita income in China was ¥13,476 RMB, and the annual per capita income of rural residents was only ¥5,919 RMB. And according to the World Bank Statistics, China's Gini Coefficient in 2010 reached 0.47, which was almost twice that of 30 years ago (The Boston Consultant Group, 2011).

Early in 2005, some scholars pointed out that rich people in China had specific characteristics, compared with those in Europe and the United States. These characters include: (1) high level of cash holding, which reaches as high as 71 per cent, while the global average level is 34.6 per cent; (2) strong affordability of risk, prefer the rapid trading of financial products such as stock; (3) tend to be directly involved in the decision-making process

of investment, and firmly believe that they can get higher return than the managers in financial institutions (Cheng, 2005). Because most wealth is concentrated in the hands of a few people, this situation does not meet the ultimate goal of socialism that is common prosperity. It has become necessary to adjust the income distribution structure. From the perspective of policy, the government should levy income tax and inheritance tax on high-income groups to regulate their income and should introduce policies to encourage them to be involved in charity and public welfare. What's more, the government should improve the social security system to guarantee basic living standards of the unemployed and in order to promote their reemployment. The implementation of these measures is conducive to social stability and development.

2.2. Illegal Behaviour of Making a Huge Fortune Overnight

The relatively large income distribution gap between urban residents impedes greatly the development of society. Against the background of reform and opening up, some people have first gotten rich with the help of national policies. Meanwhile, rich people become public figures whose consuming behaviours have significant external effects. There is no doubt that over-consumption can cause bad social impacts and impede the building of a harmonious society. As some people take possession of too much wealth, the situation of other people will become more difficult.

For example, Shanxi Province is the largest source of coal in China. The spendthrift behaviour of some coalmine owners has drawn widespread criticism. It was reported that in Shanxi Province, after getting rich quickly, a coalmine owner not only spent ¥37 million RMB buying the most expensive villa in Beijing but also bought a Hummer vehicle for each family member who was older than 15 years old. From the historical perspective, the rich coalmine owner belonged to the pioneering generation. Partly, his spendthrift behaviour was caused by the fact that he earned his money too easily, which is economically termed as “extraordinary profits”. In a competitive market system, earning average profit is an irreversible economic law. Usually, only the companies with high-tech innovation or super-economic coercion can obtain monopoly profits. As it is difficult for coal enterprises with aging facilities and backward technology to make high-tech innovations, super-economic coercion became the key factor for coal enterprises to earn monopoly profits. There are three factors of super-economic coercion, described as follows.

First, the wages of miners are too low. According to a survey, until the 1980s, the salary of miners had been at the forefront of the industry. However, since then, miners' salary has sunk drastically. In the new century, a miner earns the second-lowest income among 49 industries and the per capita

household income of a considerable number of miners is lower than that of local farmers. Secondly, too little money has been invested to guarantee security. In recent years, safety accidents have occurred frequently in coal enterprises, causing heavy casualties and property losses. The key reason is that, in order to maximum profits, the fund for production safety was arbitrarily cut. Thirdly, the government's tax policies are distorted. Until 2011, the tax policy concerning coal resources has not been substantively adjusted for 20 years. The State Council issued the decision of "Amending the Resource Tax Regulations of the People's Republic of China" in October 10, 2011, and then published the "Implementing Rules of the Provisional Regulation on Resource Tax in People's Republic of China" on October 31. It was implemented officially on November 1. This policy raised the per-unit tax of ¥8 RMB/ton to ¥8.20 RMB/ton on rare coal, such as coking coal, and ¥0.3-5 RMB/ton on other coals. Although this reform adjusted the tax on coking coal in a relatively large fashion, it was less meaningful for the whole coal industry. That is because, for large-scale coal enterprises, a tax increase of ¥10-20 RMB on resources could be easily internalized. What is more, as coal enterprises had strong bargaining power, it was easy for them to pass the increasing tax to their downstream steel and coking enterprise (Fu, 2011). As a result, this reform of coal tax failed to solve any key problems in the coal industry. These facts indicated that the reform and opening policy and an unreasonable tax regime rather than individual wisdom played an important role in increasing wealth for coal bosses.

What is more important is that the three factors mentioned above are reasonable for not only coal industry but also for other industries that produce many spendthrift rich people. Essentially, the government should adopt administrative measures instead of letting market mechanisms regulate these factors. However, in fact, they are under the control of the invisible hand of market because of people's misunderstanding of theory. This situation puts workers in an extremely unfavourable position "in the first distribution of income" and makes government fail to achieve secondary allocation. As a result, the income gap between the rich and poor will be larger and larger in China. Aiming to achieve a harmonious society, the real way to solve this problem is to, starting from these three factors, implement administrative regulation, and try to narrow the income gap.

Ironically, in contrast with the rich coal bosses, many people in Shanxi Province live in poverty. In general, Shanxi Province is still a relatively poor and backward province in central China. According to the government reports of 31 provinces in 2009, the per capita disposable income of urban residents in Shanxi Province was ¥13,997 RMB, with an increase of 6.7 per cent, ranking 23rd among 31 provinces, and last in the 6 provinces in central China. What's more, especially compared with the eastern coastal areas such

as Jiangsu, Zhejiang, Guangdong and other provinces, the per capita income of urban residents in Shanxi Province has been lagging behind for years (You, 2010). In July 22, 2010, the Statistics Bureau of Shanxi Province released the operational report of the economy in Shanxi. In the first half of 2010, the GDP of Shanxi Province reached ¥414.34 billion RMB, with an increase of 17.5 per cent over that in the same period of previous year, 6.4 percentage points higher than the average national level. The CPI rose moderately. Consumer prices rose 2.1 per cent, with an increase of 3 percentage points over that of the previous year, but still 0.5 percentage points lower than the average national level (Xue and Xue, 2010). Although per capita disposable income and consumer prices increased with the support of wealthy mine bosses, it did not definitely mean that the income and life of low-level income groups became better off significantly. What is the living condition of those people with per capita income below the average level (Cheng, 2005)? Are their living conditions significantly improved? Because these people are the group who really need help, we should pay special attention to them and try our best to achieve a common prosperity.

2.3. Management Leakage: Power of Rent-seeking

The spendthrift behaviours of rich mine bosses are more serious than rumours. Many facts show that a few mine owners bribe relevant government officials to make exorbitant profits, and some officials make use of their power to collude with mine owners to get kickbacks, which brings calamity to the country and to the people. Although the central government has repeatedly issued documents to prevent coalmine accidents, they still occur often and kill many miners. According to statistics published by the relevant departments of the State Council, the number of coalmine accidents that killed more than 10 people in 2005 was 134, and fatalities had increased 17 per cent compared with the last year. In addition, there were four accidents which killed more than 100 people. They were the “2.14 gas explosion accident in Sunjiawan coal mine in Fuxin”, “8.7 flooding accident in Meizhou coal mine in Guangdong Province”, “11.27 dust explosion accident in Dongfeng mine in Qitaihe”, “12.7 gas explosion accident in Liuguantun coal mine in Tangshan” (Li, 2006). The statistics released by the State Administration of Work Safety showed that industrial accidents in 2010 killed 79,552 people, with a reduction of 3,648 people, 4.4 per cent less than in 2009. On the basis of this calculation, 218 people were killed in accidents every day (Wang, 2011). We can see that the number of casualties was very large. How many sinister secrets are hidden behind these security accidents? We may find the answer from the sacking of Li Jiucheng, the Coal Administration Secretary of Henan Province. The court found that, during 1999 and 2008, Li Jiucheng

took advantage of his position and duties to obtain cash and stocks 53 times, adding up to ¥18.9 million RMB, \$10,000 USD, £30,000 GBP, and a car worth ¥230,000 RMB. According to the prosecutor, the corruption case of Li Jiucheng was very typical, involving all the 30 bribery and corruption behaviours identified by the judiciary (Li, 2010). People are facing a grim social reality. On the one hand, a few coal bosses live extravagantly, drive luxury cars and amuse themselves in high-level entertainment places. On the other hand, coal mine accidents happen frequently; the working condition and the living environment of miners are almost unbearable. This sharp contrast between mine bosses and miners hurts the heart of every person with a conscience. This is not to say that there is corruption behind every accident. But the collusion between government officials and mine owners is an indisputable fact and should not be ignored by the people's government. In the supervision of mine safety, the government should encourage the public to work together to report corruption activities and to punish the people who are responsible for the accidents.

In 2006, under the guidance of the new generation of collective leadership of the Communist Party of China, relevant departments took legal and administrative measures to fight against corruption in management. According to statistics released by China's Ministry of Land and Resources in January 20, 2006, in order to curb the collusion and bribery between businessmen and government officials, since 2005, the government had rectified and standardized the regulations of mineral resources development, and forbade government officials from taking charge of mining fields, receiving gifts, and backing illegal mining fields.

On January 14 and 15, 2012, a national conference of work safety was held in Beijing. Deputy Secretary of State Administration of Work Safety, and Minister of State Administration of Coal Mine Safety, Zhao Tiechui said, for the first time, the death toll of coal mine accident dropped below 2,000 in 2011; fatality rate per million tons for the first time dropped to 0.564; the number of significant serious accident was reduced to 1, and the occurrence period was extended to 390 days for the first time, creating the best record of 23 years (Cui, 2012). As a representative of the public interest, the Chinese government has adopted practical actions to regulate coal mine production. During "Eleventh Five-Year" period, under the correct leadership of the CPC Central Committee and the State Council, the administration and supervision departments of the National Coal Mine Safety Agency adhered to the principles of "safety first, prevention first and comprehensive management", and firmly established the scientific concept of safe development, resulting in a steady improvement in coal mine safety. The total amount of coal mine accidents declined year by year, reducing from 2,945 in 2006 to 1,403 in 2010, with a decrease of 52.4 per cent, and the number of deaths reduced

from 4,746 to 2,433, with a decrease of 48.7 per cent; fatality rate per million tons was reduced from 2.04 to 0.749, with a decrease of 63.3 per cent. The operation of gas control and waterproofing got new achievements (The Editorial Department for Security News, 2011). This policy fully reflected the development thinking of “people oriented”, which was conducive to the establishment of a harmonious society.

We should realize that, China is a country with a large population and with many complexities. The gap between different regions and industries continues to exist. Judging from the present situation, it is impossible to achieve complete equality in China. However, the reality is that the problem of disparities of wealth has become more and more serious in recent years. Some people spend money prodigally, while some people still live in poverty. And some of the reasons include malignant mine accidents, rent-seeking and corruption, all of which is very distressing. These facts have demonstrated that a few people amass huge wealth unscrupulously, while the majority of people become relatively poor because of being deprived of development opportunities. Such differentiation and disparity absolutely is not the vision of a harmonious society. The obvious polarization in income distribution not only deviates from the aim of socialism, but also causes the hatred of rich, resulting in social disruption. Revealing the problem and dissecting contradictions does not mean the negation of reform. In accordance with the spirit of academic independence and freedom of thought, we should seek truth from facts, reveal contradictions and find out reasons. Eventually, we will be able to uphold the truth, correct errors and improve the current situation.

In short, because peoples’ disapproval of the widening social wealth gap continues to grow, the government should implement new policies to encourage people to obtain wealth by hard work. The government should also oppose predatory practices and put an end to the notorious conduct of earning money from accidents. Aiming to let all of society’s members share the fruits of economic development and growing social wealth, and in order to mobilize the enthusiasm of low-income people and in order to accelerate the development of social production, the government should employ economic and administrative measures to adjust the distribution of social wealth and to create equal opportunities for more low-income persons.

The contradiction and problems of income distribution in China is along with market-oriented reforms. Solving income distribution problem is directly related to the government. The government should take the responsibility to play a leading role, so that the public services will not be over market-oriented. As we all know, the root of widening income gap and social distortions is the notorious abnormal private ownership of natural resources. Therefore, the primary thing the government should do is to develop a more suitable property right system that delivers prosperity and opportunity for the public people

more equitably. At the same time, a relatively perfect competitive market can promote the full flow of production factors and is conducive to narrowing the income gap. Therefore, the government should effectively regulate tax system and tax collection system, provide more public goods. Furthermore, under the circumstance with serious income gap in China, government should be concerned about the impact of policy factors on different income groups.

3. The Loopholes in the Medical Service System Should Be Filled Up

Every Chinese citizen desires to own good medical insurance, to maintain a healthy physical and mental condition, to enjoy the good times of life, and to make more contributions to the society and to the state. The people's desires also correspond to the requirements of the new era of socialism. Medical and health service, largely, is a common cause and needs strong support from the government. The Chinese medical and health system has played a significant role in the protection of people's health, but there also exist some problems.

3.1. Difficulty and High Cost of Getting Medical Care

China's social and medical services agencies cannot satisfy the public's needs, especially in rural areas and mountain districts, where the medical facilities are quite simple and the health care conditions are extremely poor. Illness caused by poverty is not rare any more in China.

3.1.1. The pan-market tendency exists in hospitals

In many countries, particularly in the industrialized countries, the health care network covers the entire country and benefits all legal residents. The specific institutions that implement medical treatment are mainly public hospitals funded by the states. China also has a public hospital system, from the township to the capital city. The "angels" in white dedicated to public health and safety selflessly works all day long. In addition, in recent years, the Chinese government has paid great efforts to saving lives. The public hospitals, which are financially supported by the government, undertake their responsibilities by healing the wounded and rescuing the dying and have gained great respect from the public. The government has strengthened the supervision of the operation of medical enterprises and has publicly announced a reduction in the prices of some drugs several times. For a rather long period, the results of medical care have not been satisfactory. Breakthroughs in service were not made until the last couple of years. By the end of September 2011, basic medical insurance covered a population of 1.295 billion, coverage greater than 95 per cent. There was an increase of 17

million entries in NRCMS. Medical insurance for urban residents expanded fully and the number of insured reached 216 million. Nearly 8 million retirees and workers from bankrupt enterprises and striving enterprises have been included in basic medical insurance. The latest additions to the system who have received benefits are mainly the grassroots population (National Development and Reform Committee, 2010).

While we are delighted at the progress of the medical system, there still exists in public hospitals a pan-market phenomenon that should not have happened. Incidents “5.5 million sky-high medical expenses event” in Harbin City, Heilongjiang Province and “1.2 million sky-high medical expenses event” in Shenzhen City, Guangdong Province are of frequent occurrence. In 2001, the 49-year-old Wu Xiyang, a migrant worker who came from Hubei Province went to the Guangji Hospital in Fenggang Town, Dongguan City as she was ill of gallstones. After 28 days treatment, she did not recover and died unfortunately on 21st March. What she left to her husband was a nine-page bill that showed that there was a balance of ¥450,000 RMB in the hospital’s favour. The hospital listed 320 items, among which were expenses for the infusion of 330 kg of fluid in a month, fees for the transfusion of more than 14,000 millilitres of blood, and other costs billed after the death of the patient. These charges raised questions. The hospital said the medical expenses incurred when the hospital adopted reasonable treatment and medication according to standard salvage therapy and there were no problems with the astronomical medical expenses (Shen, 2011). The Dongguan Municipal Health Bureau got involved in the investigation. Chief of Finance of the council planning Miss Dai Lihong said whether the medical costs were too high should be judged on the basis of the doctor’s advice, nursing orders and relevant treatment documents. The number of the charges was simply a result of standard medical procedure. The more critical issue was to look at the course of treatment compliance, which needed to wait for third-party autopsy results. Under the intervention of Dongguan Health Bureau, the hospital and the bereaved signed an agreement on March 30th and decided to send the body to Shantou University Forensic Center for an autopsy, in order to verify the “medical malpractice” doubt raised by family of the patient (Ye, Chen and Zhang, 2011).

The above events were all related to hospital charges. The difference is that some happened in public hospitals while others in private hospitals. But essentially they are all evidence of pan-market oriented thinking. Unlike other money-making projects, hospitals are based on the fundamental interests of human beings. Regardless of the type, hospitals must first follow the scientific, rigorous practice of medicine. The behaviour of putting money above all is a big taboo. Good services contributing to society are the ultimate purpose and primary principle of the hospitals, which are also identical with

the public's wishes and aspirations (Zhao and Tang, 2011). The purpose of commercial behaviour is to make money, which is clearly reflected in the early commercial behaviour of Europe, the birthplace of market economy. In his famous writing "Critique of Political Economies" published in 1930, the founder of Communism Karl Marx pointed out the unfortunate mental state exhibited by Money Fetishism. He ironically quoted the remark of Columbus who was once regarded as the representative of the world's commercial capital when he traveled across oceans in search of gold: "Gold is an amazing thing! Whoever possesses it is the lord of all he desires. By means of gold, one can even get souls into Paradise." (Marx and Engels, 1962) Some hospitals have not adopted a proper philosophy towards money. Profit is their prime concern and the health needs of the people are ignored. Such behaviours obviously depart from hospital working principles. Healing the sick and saving lives must be the highest moral code in medical field. In no case should hospitals deviate from this purpose of practicing medicine.

3.1.2. The unreasonable phenomena of medical charges

Nowadays, people are generally complaining about unreasonably high medical expenses. The government's measures of reducing drug prices failed to solve the problem fundamentally. According to survey data collected by Tianjin Statistical Bureau, the annual per capita medical expenses was ¥521 RMB in 2011, with an growth of 7.4 per cent over that in the same period of the previous year (Zhang, 2012). Although the growth rate has slightly slowed, medical expenses of families are still growing.

Some people hold the idea that the medical industry should increase profits rapidly in order to update medical devices to be able to cure their patients more effectively. Theoretically, this goal is not wrong. However, the reality is far from this. Many public hospitals only focus on expansion and introducing new medical equipment regardless of the affordability to patients. Some hospitals charge patients much higher expenses than the medical cost. It has become a social problem that a patient does not have enough money to see a doctor or may become poor because of illness. It has affected national stability and unity. How to reduce medical expenses of residents should be solved from the perspective of institutional reform. Early in 2006, in the first news conference given that year by the Ministry of Health, the spokesperson admitted that nowadays, public hospitals had lost sight of their main objective and had refused to bear their proper responsibilities. The Ministry of Health, it was stated, would vigorously implement a new policy to establish low price hospitals (Wang, 2006). The Ministry of Health realized the fact that public hospitals did not behave properly, and criticized the practice of regarding profit as the evaluation criterion. In addition, the measures implemented by

Ministry of Health aimed at easing the heavy burden of some patients received a warm welcome from the Chinese people. In order to change the unsuitable situation of medical services, on one hand, the government should reorganize health care institutions to establish different-level hospitals and should regulate the payment mechanism; on the other hand, China should establish a joint management institution containing government and society in order to promote sports activities and to strengthen people's physique.

3.2. Deficiencies in the Medical Management System

Before reform, the majority of public hospitals were funded by the government with the purpose of protecting the health of the people. As institutions and state-owned enterprises offered public health services, public officials and workers of state-run factories were supplied with free drugs. However, this medical insurance system had obvious deficiencies with low efficiency and staggering waste. The reform of the medical system was implemented thoroughly, and a market mechanism was introduced. Although the intention and practice of these reforms were undoubtedly correct, the reform actions were impeded by pan-marketization ideology.

3.2.1. Unsuitable measures of health care reform

As China's reform has been carried out, the reform has faced a lot of difficulties. Due to the significant changes in the structure of state-owned units, the coverage of public security has been narrowed. The old system was not working, while the new system is facing resistance in operation. And the inadequacies have been expanded rapidly as the market economy system has advanced.

For example, the information released by the Administration Department of State Food and Drug and Drug Safety Supervision Department, the number of adverse drug reactions reported has been growing. The number was 173,500 in 2005, with an increase of 300 times, compared to that in 1988 which was 500 (Bai, 2006). In 2010, the reported number of adverse drug reactions was 692,904, with an increase of 8.4 per cent over that of the same period of the previous year; new and serious reports was 109,991, with an increase of 16.3 per cent, accounting for 15.9 per cent of the total number, showing a stable growing trend (Fu, 2011). One obvious reason for such a big growth rate was opaque incident handling and a high missing report rate. Now, strict working norms have made astounding problems begin to emerge. At the same time, it indicates that some serious loopholes have existed in the medical management system. The hospitals that announced themselves to be public hospitals contracted with some medical departments in the private

sector. The doctors turned into “economic men”, aiming to earn big money by curing people. This actually departs from not only the original intention of the country, which was to set up public hospitals, but also contradicts the general direction of health care reform.

China’s socialist system is established for the happiness and health of people. So, no matter how a public hospital is operated in a complex reform environment, people’s basic medical needs should be put in the first place. Because a public hospital is a unit set up by the government to serve the public needs and to provide basic medical insurance for the nation. The practice of contracting to private hospitals definitely is not reform. Of course, it is an undeniable objective fact that the financial investment provided by the government is not enough to afford the operation of some hospitals. Therefore, we should review the direction of public hospital reform from two aspects.

Firstly, we should strive to solve the problem of a lack of public input. The administrative department that has the right to control funds should adopt scientific methods to deploy resources, to let the treasury fully play its role. During the reform period, financial funds have kept growing. However, because of erroneous investment direction and mismanagement, funds have been very inefficiently deployed. The operation and management of public utilities for universal welfare should be planned carefully and implemented accurately. However, some medical management agencies do not fulfill their social responsibility, regardless of the taxpayer’s interests. A lot of high-tech medical equipment is left unused, with a surprisingly high damage rate.

Secondly, we must grasp what is the proper direction of health care reform. The highest standards of the medical industry will work to provide excellent service for patients and to improve health. However, some medical units seek privilege to manipulate information and right to receive medical activities, which actually has changed the nature of public hospitals. Some hospitals raise drug prices irrationally without considering patients’ financial capacity. Therefore, the government should develop policies and take effective measures to promote health insurance, so as to let people engage in economic construction without medical concerns.

3.2.2. Corruption threatens health care reform

Some people in the medical field fail to refuse the temptation of sugar-coated bullets and become the blind followers of pan-marketization. The officers in the administrative departments of the State Pharmacy who accept bribes and misappropriate national assets are very harmful to the society. In November 29, 2011, the Westtown Procurator ate of Beijing announced findings concerning crimes in medicine and health during the past decade. According to the statistics of the prosecutor, there were 163 crimes which involved

health service, with corruption and bribery accounting for 95.09 per cent of the crimes. In the past decade, 179 hospital directors, department heads, chief physician and purchase and sale staff were involved in crimes. According to the prosecutors, there were three reasons for crimes in the field of medicine and health: the concentrated power of leadership, non-standardized financial systems and weak enforcement of laws (Sun, 2011). In any case, the people who committed these crimes could not escape legal sanctions.

“Angels in white” are performing a sacred work. Any practice of corruption is forbidden in the medical system. There is no doubt that, in order to correct the deficiencies in management and to put an end to economic crimes, the medical system should sing the praises of skilled and warm-hearted medical people and should encourage communication between colleagues. At the same time, prosecutors and judicial authority departments should coordinate closely to strengthen the supervision of the medical field.

3.2.3. *Inadequate investment in public services*

In the 21st century, the world has entered the era of economic integration. Overall, there was a large improvement of investment in basic public services during the period of the “Eleventh Five-Year Plan”. However, the income gap between countries has expanded. According to the work report of the Chinese government, investment in basic public services including education, health, social security, housing, and culture in 2010 increased by 19.9 per cent over that in 2009. Based on several key indicators of basic public services in our country, investment should be further increased. According to the data in 2008, the ratio of the investment in education, health care and social security to GDP was 13 percentage points below that of countries with average per person GDP lower than \$3,000 USD, and 24 percentage points below that in countries with average per person GDP between \$3,000 USD – \$6,000 USD (Song, 2011). According to the “Blue Book of Public Service” released by the Chinese Academy of Social Sciences in July 17, 2011, housing, social security, employment and medical care received the most concerns. The survey also showed that the evaluation of basic public services by the public was quite low, but still in the bearable range. Nanning City invested about 37 per cent of its GDP on basic public service, while the investment of Hohhot, Jinan, Lhasa, Shantou and Urumqi did not exceed 1 per cent of GDP (Chinese Academy of Social Sciences, 2011). As medical and health services are directly related to the health of people, the government should increase investment in these aspects.

In order to solve the problem existing in the current medical services system, some policies are recommended. First, the government should increase the investment in medical services, provide public medical services

and strengthen the responsibility in medical regulatory. In the field of general medical service, the government should strengthen its responsibility of funding and allocation. Since the reform and opening up, the direct or indirect reason of the medical service problems is the declining proportion of governmental investment in total medical service expenditure. On the other hand, government should strengthen its intervention in the medical service system. Second, more draconian policies should be formulated and implemented for cracking down on the popular corrupt practices that threaten the health care reform. During these years, there are many problems in medical service field. Prosecutors and judicial authority departments should take enough responsibility to solve the problem in the health care system and the problems of service providers, coordinate closely to strengthen the supervision of the medical field.

Third, the government should rationally design the drugs circulation mode to guarantee the security and rationality of drug circulation, so as to maximize the benefits to the masses. Most countries in the world choose to implement separation between hospital and pharmaceutical operation. The practices of other countries prove that it is good for the development and advancement of medical technology. What's more, the separation between hospital and pharmaceutical operation can cut the economic interests between hospital, doctors and pharmaceutical operator. As a result, the doctors prescribe reasonably according to symptoms instead of aiming to selling expensive drugs to patients.

4. National Education Must Be Re-Arranged

Since ancient times China has been a state which has highly valued ceremonies. Chinese value knowledge and etiquette. Access to education and educational development after the reform and opening up, especially compulsory education and the elimination of illiteracy, have achieved fruitful results. However, at the same time, because of the wide-spread thought of industrial education, the development of education is facing many difficulties. There exist high education fees in some provinces. Besides, education quality in some provinces has seriously declined.

4.1. Educational Business in the Process of Reform

Chinese traditional history and national culture have always emphasized education. Education can make people knowledgeable and competent in social activities. Confucius, the founder of ancient education, said: "never blame heaven and others, become learned from reflecting on trifles". Confucius also advocated the implementation of the educational ideal "No Child Left

Behind”. After the foundation of New China, the leaders of the Republic have regarded education as a long-term objective in the construction of socialism. Mao Zedong, the first-generation leader, wrote the inscription “Study Hard and Make Progress Every Day”. The country attaches great importance to primary education to cultivate the talents of socialist construction starting from school age. From the beginning of the reform and opening up policy, Deng Xiaoping, the chief architect, led the implementation of the policy which resurrected the University Entrance exam, laying the foundation for the prosperity of the country.

In 2000, representatives of the Chinese government attended the Dakar meeting convened by UNESCO and signed the famous Dakar Framework for Action. After this meeting, the Chinese government invested heavily in education, and mobilized all social forces for the development of EFA (education for all). In those five years, the EFA(education for all) programme achieved new breakthroughs: compulsory education accomplished historical development. The basic strategies of nine-year compulsory education and elimination of illiteracy among young and middle-aged adults also acquired progressed significantly (simply described as the “two basics” below); and rural compulsory education got unprecedented attention and promotion. The amount of investment, teaching quality and educational conditions has been markedly improved. In the first few years of the new century, the central government has led the implementation of the “two basics” in the western regions, especially the implementation of a series of policies to provide funds to students in poor areas. These measures have had a positive impact in practice. For example, in the case of lowering the dropout rate in rural schools and ensuring the timely enrollment of school-age children and in other aspects, these policies have promoted the development of rural compulsory education.

In the period of the “Eleventh Five-Year Plan”, China’s education business has made enormous progress, basically meeting its objectives. According to the National Bureau of Statistics, the gross enrollment rate of three-year pre-school education is 56.6 per cent in 2010, a substantial increase of 15.2 percentage points compared to 2005. Since 2005, compulsory education and consolidation levels have remained high. The net enrollment rate for primary schools across the country has been maintained at more than 99 per cent, which is higher than the average of 96 per cent in developed countries; the raw enrollment rate of junior middle school was 100.1 per cent in 2010, the three-year retention rate was 94 per cent, which were an increase of 5.1 percentage points and 1.02 percentage points compared with 2005, respectively; the raw enrollment rate of senior high school reached 82.5 per cent, an increase of 29.8 per cent compared to 2005; the gross enrollment rate of China’s higher education was 26.5 per cent in 2010, 5.5 percentage points more than in 2005,

and 1.5 percentage points higher than the planning objective (The National Bureau of Statistics, 2011). In short, China has practiced the Dakar Framework for Action adopted by the international community, and not only has trained a large number of knowledge workers devoted to the construction of the country, but has also contributes to the development of human civilization.

4.2. The Spread of Industrialization Thought into the Field of Education

The 21st century is an international era with high-technology, information, intelligence and talent competition. Chinese have a high expectation of the benefits of education. The construction of the country also needs a large number of high-quality talents. The education business in China has performed remarkably well, but there is an imbalance in supply and demand, and the gap is still huge in some aspects. Entering into the new century, the nation's educational system and quality are still the focus of public debate. The overall situation can be described by the sentence said by Deng Xiaoping when he summarized the efforts in the early stage of reform many years ago: "there are developments and deviations in the reform, but the biggest mistake occurs in the education area". Just as other sectors in China, the ideological trend of pan marketization also erodes the Chinese education industry. It has a direct impact on the training of personnel, scientific and technological progress, and the development of economic production. As mentioned above, the industrialization of education is a typical representative of this spreading ideological trend.

As early as 1992, education was placed firmly in the tertiary industry category and was a fundamental industry that had overall effects on the development of national economy. This is also a common point of view in the international community. In the United States, which has the most developed system of education in the world, the higher education system is divided into two categories: public and private. Examples of public universities are the State University of New York and Rand University. Some of the most famous universities are private or church-funded, such as Harvard University and Stanford University. The same is true of the higher education system in the United Kingdom, France and other countries. Therefore, the documents of State Department are scientific and objective from the global perspective. There is no doubt about whether China's education needs marketization. China absolutely must not industrialize education, and should not go contrary to the developing trend of globalization. However, the question is how to do education, in particular, how to implement compulsory education in the context of a market orientation. Bill Gates, the founder of world-renowned Microsoft, established his company in his college years, making an outstanding contribution to the information age.

The tendency for China to industrialize education is the result of the spreading of the pan-market ideological trend. This industrial behaviour has abandoned the basic principles of education, and has turned compulsory education into education for profit. It seriously interferes with the deployment of the “two basics” the nation comprehensively promotes, and makes arbitrary changes visible everywhere. Some of the socially vulnerable groups of school-age children and adolescents are forced to drop out due to poverty. The quality of education also has suffered a significant decline. Despite the senior leadership of the Chinese Ministry of Education repeatedly stressing that the highest administrative department of education has never published documents that support education industrialization, the arguments and practices of education industrialization are common in practice.

Articles on education industrialization can be seen everywhere, whether on network television or in various types of journals. The education sector, academia, the media sector, etc., have successively joined the critical trend of education industrialization. For example, during the first news conference of the 17th Party Congress held on October 16, 2007, Zhou Ji, the Education Minister of China, said in response to a reporter’s question: “this congress’ report has explicitly pointed out that we insist on the basis of nonprofit education, we must increase government investment in education, and we are firmly opposed to education industrialization (Zhou, 2007). An article entitled “Industrialization of Education Should Cease” in 2010 clearly indicated that education industrialization gave birth to the arbitrary changes of education. Arbitrary educational changes not only increased the burden of students, especially poor students in rural regions, but also severely damaged the image of the schools and the teachers in the minds of students, delivering a tremendously negative impact that should not be ignored (Liu, 2010). Yan Qiuluwei, a well-known TV reporter of Phoenix Satellite TV, is also very concerned about the problems of education industrialization. She wrote an article entitled “Education Industrialization”. She said many people regard education as a business, whether kindergarten or university. Education has been a tool to make money (Luqiu, 2011). It’s easy to see from comments above that the arbitrary changes and education industrialization have almost become a pair of twins. What should we feel about this situation now?

Compulsory education of the whole people has had a great responsibility as directed by the Dakar Framework for Action adopted at the World Education Forum in 2000. Compulsory education belongs to government investment. China has no possible means to monopolize education considering the current fundamental realities of the country. In recent years, the implementation of cost-sharing mechanisms in education in accordance with the guidance of the Ministry of Education at all levels and types and stages of education is a major education reform. We must continue to adhere to the right direction and to the

principle of public welfare education at this stage. Educational development should put government investment in the central role, should strengthen the responsibility of the government for educational development, and should make education become one of the most important works.

The spokesman of the Chinese Ministry of Education has indicated through the Xinhua Network, an extremely influential web medium in China, that the Ministry of Education unequivocally has opposed education industrialization from the date it first occurred, and holds that education industrialization would destroy China's education (Ministry of Education, 2010). Of course, we should not only pay lip service, the lynchpin of any successful reform is its implementation. Work is just like playing the piano, playing out of tune is equal to do nothing or to making noise. The final unfortunate results of education industrialization are certain to be magnified without firm execution and implementation of reform.

4.3. Arbitrary Charges in Educational Circles

In the spreading ideological trend of education industrialization, the compulsory education Chinese people look forward to often could not be successfully implemented in the previous period, even though the time has been prolonged. In large and medium-sized cities, compulsory education seems to be the sole obligation of the parents. However, in the vast countryside, the promotion of compulsory education is facing huge difficulties. Financing their children's attendance at primary school is a heavy burden for some farmers, and constitutes an economic shackle. Due to a variety of tuitions and fees, mountainous rural children drop out of school because their families cannot afford the entrance ticket to an education. Some ethnic regions in western China are lagging behind in economic development. The task of meeting compulsory education standards is merely hollow words if not coupled with implementation. The result of a research group, namely "the case of the transition of China's major education policy", shows that there still existed a serious dropout rate in Chinese rural areas in June 2005. In a survey sampling 17 rural junior high schools in different townships, the research group found the dropout rate to be uneven. The highest was 74.37 per cent; the average was about 43 per cent, greatly more than the less than 3 per cent required by the policy of the "nine-year compulsory education" plan for rural places. Liu Bin, the former deputy director of the State Board of Education, was a participant of the appraisal meeting which appraised the research item. He pointed out that a developed city could receive education surcharges of up to more than ¥1 billion RMB to ¥2 billion RMB, but some leaders would rather take the money to set up affiliated schools than implement compulsory education free. Therefore, the gap among schools is

growing (Xie and Yuan, 2005). We can easily know that a high dropout rate is closely related to high education expenses. Furthermore, the appalling point is that the evil phenomenon of arbitrary charges can be seen everywhere.

In August 29, 2011, the official website of the Ministry of Education issued a notification concerning the typical cases of arbitrary charges. The Ministry of Education investigated 12 primary and secondary schools in Gansu, Anhui, Jiangxi, Hubei, Sichuan, and Henan Province. Thirteen responsible persons got a policy discipline punishment and three were removed from the principal's position. Let us take a Key University's affiliated high school for an example. The school is changed from a public school. The annual fee charged each student was ¥20,000 RMB; the school had 10 classes and each class had 60 students. So the annual income of the school was up to tens of millions RMB (Zhao and You, 2011).

This undoubtedly heightens the already heavy education burden of ordinary Chinese people. The chaos of education is a misery for society state. Owing to the spreading of education industrialization in recent years, absurdity and bitterness have flooded into the Chinese education system. From the social level, the unfairness in education has become the largest social injustice. From the perspective of awareness dissemination and personnel training, the chaos of education not only stimulates the desire to obtain a diploma, but also hinders a generation of high-tech talent potential from obtaining the Nobel Prize.

The arbitrary charges were more than ¥30 million RMB, and 244 people got punished in Jiangxi province in 2011. Concerning outstanding problems in compulsory education schools with regard to school choice fees, management and governance of teaching materials, Jiangxi discovered 305 events of violation charges, with ¥30.844 million RMB involved (Zhang, 2012). We learned from the Education Department in Shanxi province, it had investigated and dealt with the 108 events of arbitrary charges in 2011, with ¥4.4838 million RMB involved, and with three principals dismissed (Liang, 2012). Some schools can be said to have done their best to set fee items. In the past two years, the problem of arbitrary charges about which citizens began to complain became gradually serious in Guangdong province. In 2011, the investigation of ten cases of arbitrary charges, illegal service charges and collection charges accounted for a considerable proportion of total charges, including all sorts of excuses to charge sports training, bicycle storage, etc. 576 students were charged ¥8,640 RMB for bicycle storage in Shangxu junior high school, Potou district, Zhanjiang city, Guangdong province. Mo Guanquan, the principal of the school, was dismissed from office (He, 2011).

From the viewpoint of the full implementation of compulsory education, the urban plan was basically implemented, but the results were not so ideal

in the countryside. Education has become the biggest expense of rural areas. Therefore, there is a significant gap between the rich and the poor in education, and the disparity results in educational unfairness. Many instances have fully demonstrated that more effective measures concerning compulsory education need to be carried out to fully implement the Dakar Framework for Action launched by the United Nations.

Faced with increasing educational spending, poor residents are unable to cope. Suicide happens occasionally among students because of the unaffordable tuition fees. Two pupils killed themselves by taking poison on October 2011, because they had no money to pay for the remedial teaching fees and could not bear the repeated dunning of teachers (Wei, 2011). This is just primary school. What happens at universities and colleges that ask higher tuition fees? A survey of students in China, shows that the average annual expenditure of a undergraduate is ¥7,000 RMB, including tuition fees, living expenses and accommodation fees. Therefore, a typical undergraduate spends at least ¥28,000 RMB in four years, equivalent to the net income of a poor country farmer for 35 years, without considering his living expenses, such as eating, clothing, medical care, and other expenditures (Liu, 2006).

Officials from the Ministry of Education pointed out that the total number of students in National Ordinary College was 22.85 million in 2009, 5.27 million of which were from poor families, who accounted for 23.06 per cent of the total enrollment, and 1.66 million were from extremely needy families, who accounted for 7.27 per cent of the total enrollment (Xie, 2011). It is well recognized that poor quality education is the root of poverty in China. Education expense is so high that not everyone can afford a good education, poor knowledge results in poor education, and poverty is the inevitable outcome, resulting in deficiency of wisdom and talent. This is a chain reaction. Therefore, education equity is the most important prerequisite required to narrow the gap between the rich and the poor. As early as 30 years ago, there were no fees and tuitions in primary and secondary schools of the United States and many countries in Europe. Until now, the policy of “nine-year compulsory education” has not yet been fully implemented in China, although in some areas the plan has been implemented well.

The education problem in China has always been highly controversial. As early as September 2003, Katharina•Thomas•Tomasevski, the special investigator of the United Nations in charge of affairs on education rights, investigated for two weeks in China. She critically noted that China paled in comparison with Uganda, a poor African country, in terms of the guarantee of the right to basic education. China’s expenditures on education account for only 2 per cent of the GDP (gross domestic product), much lower than 6 per cent, the minimum requirement of the United Nations.” She said, “The government provides only 53 per cent of school funding, the rest is borne

by the parents. The proportion the government commits is lower than all countries which implement a policy of compulsory education” (Wang and Liu, 2004). This kind of criticism is very sharp. But we cannot consider domestic and international criticism of education industrialization as malicious attacks targeting some facet of Chinese education. The famous book “Serve the People”, written by Mao Zedong, who is the first-generation leader of China, stresses that the Chinese Communist Party is the political party that serves the people and that the Party is not afraid of receiving criticism of pointing out the shortcomings in its work. “We will act upon it if people can benefit from the method, no matter whoever comes up with it.” Practice shows that acceptance of criticism and correction of errors will make things do better.

4.4. Bad Influence of Fake Diplomas

China’s higher education becomes more unbalanced when basic education tends to be increasingly unfair. Some colleges and universities, on one hand, just require a low academic performance of candidates. On the other hand, its requirement of economic affordability is on the rise.

Relaxation of the enrollment standard does exist in some industrialized countries. However, that is an education mode of lenient entry but stringent exit appropriate to their national conditions. In China, there is almost no standard with regard to some market-oriented higher educational institutions. You can easily enter some schools only if you are able to afford the “entrance fee”. The quality of education cannot be guaranteed completely because of inferior teaching and low standards for graduation. We would hope that institutions of higher education could not sell degrees for pots of cash. This educational style definitely has no possibility of cultivating talent. In addition, relaxed enrollment standards are also unable to train talented persons. It’s refreshing to see that people are starting to raise doubts about these phenomena. Various criticisms gradually arise in conferences, meetings and media. How to eliminate such phenomena? The managers are responsible for advanced preparation. Just like clogging a flood, those in charge should use prior observation to predict the flood situation, and they should dredge the river as soon as possible, and they should build dams. Only issuing warnings when facing the flood, of course, is of no help.

In particular, the phenomenon of education industrialization has caused a big negative impact in that some high-ranking public servants obtain high degrees by the way of so-called “in-service education”. Administrative officials mainly rely on their own diligent efforts and prominent achievements to make greater political progress. But some officials have obtained a doctor’s degree without effort using the public’s money, more precisely, the money of taxpayers. The doctor’s degree is a serious academic and educational

indicator. This approach is extremely bad. Although the certificate is true, the academic level of the diploma-holder is not real. Throughout the ancient and modern history of doctoral education and government officials, it is not difficult to find that high-level public servants take public funds in order to study for a PhD with in-service education. This only appears in the contemporary imperfect Chinese educational system with its disordered education management. It's an ugly phenomenon of an anti-social civilization. This ideology uprooted from the official standard which was prevalent in China's feudal society is a blasphemy to science and to the academy. The proliferation of this kind of doctorate education is detrimental rather than beneficial to the country. Imagine those doctoral students who have experienced rigorous doctoral programme trainings. How can a Ph.D. student who lacks a rigorous doctoral programme training master the scientific knowledge and methods he/she should have? A doctorate is a kind of recognition to a specific scholar who has obtained a high academic level and who has undergone rich academic experiences; a doctorate is not, rather, the recognition of a person's work experiences.

The negative effects of these practices on the academic field, no matter in the long term or in the short term, are enormous and far-reaching. If China continues to allow the spread of this chaotic phenomenon, a doctoral education will be a joke in the world of international higher education. The lesser consequence is that the international community will not recognize China's doctorate, while the graver consequence is that the integrity of the citizens and the image of the nation will suffer serious detriment. In China, some public servants with these superficial high-imitation diplomas, purporting to represent a master's degree or doctor's degree grasp plenty of chances to grab more power and more interests. This phenomenon is detrimental to the glorious image of the Communist Party.

Admittedly, the Chinese Communist Party has had a successful experience in selecting excellent cadres from practice in the revolutionary periods. Selecting potential people to go to school is an institutionalized practice. However, for the training of cadres, a strict management system must be established. We cannot walk into a stray path for seeking an invisible reputation. Public servants, because they are in important positions, should leave their posts in the learning period because earning an academic degree has always been a serious academic and educational task. We all know that one person cannot have his cake and eat it too. The ideological root of this ugly social phenomenon has left a legacy from China's feudal society that in the past produced an official standard handed down for thousands of years, a standard which is completely contrary to the spirit of social public servants, as promoted by Marx, and the thinking of serving the people, as proposed by Mao Zedong.

The idea of the “official standard” has been the core of the ruling institution of the feudal landlord class since the Qin Dynasty. Since the time of the Qin Dynasty, the Emperor has had the supreme authority. Everything in the nation is dependent on the king. Government officials below the emperor at all levels have their corresponding powers according to a hierarchical stratification, and these powers are tied together with the acquisition of wealth. Therefore, the Han Dynasty and the Wei-Jin Dynasties implemented the “nine-rank system”. The Sui Dynasty and the Tang Dynasty established the “imperial examination system” instead, and this system continued to function until the Qing Dynasty. These practices constituted the cultivation and construction of the institution of the “official standard”. The “official standard” gradually becomes the ruling consciousness in China for thousands of years. *The Scholars*, written by Wu Jingzi in the late Qing Dynasty, *Officialdom’s True Features*, written by Li Baojia, *Thick Black Theory*, written by Li Zongwu, etc., all provided vivid and deep descriptions of the official standard, and included sardonic and critical words. China’s current modernization has followed the foundation of history. Therefore, the decadent ideology of feudalism has inevitably corrupted the new society.

After summing up historical experience and lessons learned therefrom, Jiang Zemin, who once served as the chair of the Communist Party of China, profoundly pointed out: the so-called “official standard” is “officially-oriented”. He seriously exposed the phenomenon of the “official standard” within the party, and criticized the erroneous ideas of some party members, especially the leading cadres. He said: “Some members or even leading cadres of the party consciously or unconsciously become the captives of this ‘official standard’ awareness. So, the phenomenon of buying and selling official positions arises; the phenomenon of false reports and fraud for honor and position arises; the phenomenon of doing everything for their official positions arises; the phenomenon of abuse of power arises” (Jiang, 2001). On the basis of the construction of socialism and the interests of the people, Jiang Zemin severely criticized the decadent ideas that were endangering the party and the nation. There is no doubt that clearing up the high degree of fraud is a serious political struggle and must be implemented immediately.

Undoubtedly, the phenomenon of “false” diplomas connected to the ‘official standard’ is caused by the indulgent Chinese modern higher education system. It not only violates the normative principles of education, but also has other very bad effects, such as regarding diploma acquisition as the start, the process, and the result of education. Departing from the self-interest of individuals, the seemingly true but false master’s or doctor’s diploma acquired through non-formal channels is very useful because it can enhance the competitiveness of civil servants, or bring other personal benefits. However, when education, especially higher education, transforms into “diploma education”,

far from “quality education” and “character education”, higher education is destined to become a powerful force for the retrogression of Chinese society. This is the real scary point. The industrialization of education has not only flooded society with various “really fake diplomas” and “falsely true diplomas”, but it also has distorted the concept of talent forged by the experience of centuries. Serious and scientific personnel training, in some places, have become a power-for-money deal. The whole society has paid a huge opportunity cost for these things.

4.5. Clear Negative Effects of the Ideological Trend towards Pan-marketization

In 2000, the World Education Forum of UNESCO adopted the Dakar Framework for Action, which established a goal that every citizen and every society should achieve six goals, making the goals of EFA (education for all) more specific. EFA is not just an educational issue but is first a development problem. Among the six EFA goals (literacy elimination, preschool education development, elementary education generalization, promotion of equal educational opportunities for men and women, life skills training, and comprehensive improvement of the quality of education), three (elementary education generalization, promotion of equal educational opportunities for men and women) have been included in the *Millennium Development Goals* adopted by the United Nations General Assembly. The promotion of EFA (education for all) development and the promotion of the *Millennium Development Goals* are inextricably linked together. Obviously, the implementation of industrial education is contrary to this programme.

It is undoubtedly correct that administrative officials in charge of education should never show affection to the industrialization of education. Organs of state power must think twice before taking actions. In the process of deepening market economic system reform, all schools scrambled to expand their size no matter what their conditions and no matter what the results would be. At the end of the last century, Peking University took the first step by tearing down the south walls in order to build a row of store buildings. This has been a trend determined by actors who seek profits above all else, and promoted by great interests. In 2005, Peking University pulled down the shop buildings on the south, and re-built the school walls to correct the mistakes made in the past. However, this problem cannot be solely solved by the attitude of a single department. Actually, an erroneous ideological trend can never easily disappear in a few days.

“When an erroneous ideological trend emerges like the tidewater, we should uphold the truth from the bottom up.” Mao Zedong said, “More importantly, the administrative authorities should take more responsibility

to guide this trend towards the right direction.” Although the administrative departments in charge are not the advocates of the industrialization of education, the actual existing problems of industrialization are graver than in the countries with a higher level of industrialization. “When an erroneous ideological trend emerges like the tide water, we should uphold the truth from the bottom up.” Mao Zedong said, “More importantly, the administrative authorities should take more responsibility to guide this trend to the right direction.” This means that the evaluation of management performance and the actual situation people live in is not determined by discussion or declaration, but by the reality of the social situation. Practice is the sole criterion for testing truth, and is also the sole criterion for the evaluation of management performance. Development is of overriding importance, including social equity. Education is the basic way of ensuring the criterion of social equity. There is no equity without education, and without education, the economy cannot get developed. Education problems in some places have become severe. The grievances of the public can be felt daily. At this critical moment, administrative organs should take more effective actions to correct errors in order to maintain social stability and to eliminate the risks of instability.

The coordination between government departments is very poor and the coordination mechanism is not perfect. The arbitrariness of administrative coordination between government departments is greater than the binding. In order to solve the problem of inconformity between national development strategy, specific policies and the inadequate response of educational policy to national strategy, the government should speed up to establish a horizontal coordination mechanism with educational departments.

The government should construct an accountability system which emphasizes effectiveness, so as to protect right to education, actively promote the construction of administrative accountability system. The government should improve education regulatory regime to supervise the public school and try to achieve the transformation of educational decision making from experience-basing type to modern democracy type.

5. Keep down Environmental Pollution with a Firm Hand

The *Rio Declaration*, the *Climate Change Convention*, the *Biological Diversity Convention* and other important documents adopted by the United Nations Conference on the Environment and Development on June 1992 delivered a warning that the survival of humanity is facing ecological security issues brought on by environmental degradation. After the mid-20th century, global ecological deterioration has been expanding mainly because of human unscientific styles of production and life. The natural environment of China is quite grim if one considers the gradually worsening of global warming. After

the arrival of the 21st century, ecological security has been prominently placed in front of the countries across the globe. The concept of ecological security, generally speaking, is the natural self-evolution of the ecosystem, which people depend on for survival and development. More specifically, when the system is able to sustain human society and economic development, including water, soil, atmosphere, forests, grasslands, oceans, and biological systems, etc., the global or local ecology is secure. During the period of the “Eleventh Five-Year Plan”, China will build a resource saving and environmentally friendly society as an important implementation of a people-oriented and scientific concept of development. Under the circumstances of rapid economic growth and a significant increase in the consumption level of the public, each region and department will continue to intensify environmental protection efforts, and they will have made positive progress in environmental protection, due to a series of major policy measures taken by the government. There has been a significant increase in public awareness of environmental protection. The achievements of China’s environmental protection work in the “Eleventh Five-Year” period can be summed up in nine aspects: fulfill the task of reducing emissions of pollutants; make efforts in promoting economic development; comprehensively promote the preservation of rivers and lakes; explore the establishment of the prevention of air pollution and control mechanisms to manage air pollution; concentrate on the management of prominent environmental problems, such as heavy metal pollution impacting on people’s livelihood; steadily promote nuclear safety and radioactive pollution; constantly improve the laws, regulations and policies regulating environmental standards; effectively strengthen the enforcement supervision of those responsible for maintaining environmental law. In short, China’s environmental protection during the “Eleventh Five-Year Plan” has experienced a huge change from theory to practice. Only through the participation of the whole society will the development of environmental protection have a lasting power.

From the point of view of economic theory, the ecological environment belongs to the public. Nobody can own ecological environment and people do not need to pay for living in the ecological environment. That is to say, the producer cannot obtain normal returns from his investment, and consumers can consume with no need to cover costs. Then, in the economic activities of the pan marketization, the protection and construction practices of the ecological environment will also face heavy resistance.

5.1. Serious “Three Wastes of Pollution” in Industry

Since the reform and opening up, our country has accelerated the pace of industrialization, and the same is true with regard to economic advancement. At the same time, the “three wastes” pollutants produced by industry have

had an extremely serious influence on the environment. At present, our country ranks first in the world as to industrial emissions. The management of environmental pollution places great pressure on China.

Because of the historical accumulated effect of environmental pollution, the lax environmental governance, and the frequent occurrence of safety accidents, and so on, our country has entered a high-incidence period of accidental environmental pollution. The degree of the Yangtze River pollution is high and has never before been seen in history. After the Songhua River pollution incident happened on November 13, 2010, the number of abrupt environmental incidents occurring in our country was up to 76, happening on average every two days (Gao, 2011).

5.2. Hindered Formulation of Environmental Protection Laws and Regulations

The trial implementation of *Environmental Protection Laws* has proceeded for 32 years since 1979. China's environment has not only been protected, but actually has become worse and worse. Therefore, there have been many scholars who have said that the environmental protection law is one of the worst laws with regard to effectiveness in contemporary Chinese society. For many years, appeals for the revision of the environmental protection law have been loudly heard, but the actual progress is stagnant. The revised draft of the environmental protection law was submitted to the National People's Congress in early November 2011. Actually, it's a substantial step, although there is still a long way to go.

In the development of humankind, the initial liberation is to conquer nature, to get rid of material oppression, and to make a broad space for social progress. The second is to love nature, to seek a harmonious way in coexistence with nature so as to lay a foundation for sustainable development. The ecological balance of a country and its prosperity are closely linked. The process of the first liberation is long. As well, the process of the second liberation is hard. In order to obtain a fresh start, we must abandon the market economy concept of pan-marketization, we should reflect on a productive and ecological guiding policy, we should adjust unreasonable economic structures, and cease fixing on economic growth as the only goal of production, and we should strengthen infrastructure construction in order to maintain ecological balance.

Why is the industrial pollution so terrible in China? Why are the formulation and implementation of environmental protection laws and regulations so hard? There are some reasons behind the two questions. The first reason is the current loose environment protection laws. The second is the single goal of pursuing economic growth, while ignoring almost everything

else. Of course, environment is no exception. In this case, how do we settle the urgent problem for balancing the ecological system? Firstly, the government should be guided by the scientific concept of development to implement a comprehensive coordinative and sustainable development strategy. It also should develop the overall urban plan comprehensively and carry out urban construction and environment remediation progressively to satisfy resident's need to living environment. Secondly, the government should seize the hotspot of local environment, and then manage the environment in a planned and systematic way. Thirdly, the government should improve the regulation and policy support to solve the disputes in environmental law enforcement and pollution dealing.

6. Conclusion: Adhere to the Correct Direction of People-Oriented Reform

Following the basic principles of Marxism-Leninism, Mao Zedong, as the representative of the first generation of the Communist Party's leaders of China, has led the Chinese people to successfully carry out a social revolution and has established the People's Republic of China, a country in which the people are the masters, the Party having laid the social-economic foundation for initial industrialization. Many major changes have happened to the strong feudalistic superstructure. These changes have been caused by the establishment of a Chinese economic foundation that has made public ownership as the mainstay, while the social superstructure has been also repeatedly adjusted according to reforms, in order to adapt to the evolving social-economic infrastructure. Every adjustment and reform involving these two aspects has been to resolve various contradictions and conflicts that exist in reality. The reform and opening up policy, implemented by Deng Xiaoping, the representative of the second generation of the Communist Party of China's leading group, still constantly adjusts and reforms the social superstructure, in order to promote the development of the social and economic infrastructure, guiding the Chinese people to embark upon the path of wealth.

The new generation of collective leadership with Comrade Hu Jintao as general secretary of the Communist Party of China has inherited Deng Xiaoping Theory and the important thinking of the "Three Represents". They have summed up the experience of reform and opening up during the past 28 years, and have restored and developed the Party's fine traditions. They have also emphasized the perspective of scientific development to guide the development of socialism with Chinese characteristics, aiming to build an innovative country. The ultimate purpose has been, in order to seize the opportunities and challenges brought by the integration of the global economy in the 21st century, the nation needs to aggregate the power and wisdom of

all the people to develop a creative labour market, and to constantly enhance the comprehensive strength of the country to meet the nation's historical task of revival.

Implementation of new policies in order to maintain the sustained, steady and rapid development of the emerging economy is necessary to be taken to respond to the changing and complex international situation. To this end, we must deepen the reform of matters incompatible with the economic development in accordance with national institutions.

We should rationalize the relationship between management departments, and we ought to coordinate administrative command and economic operation. We should also resolve the contradictions that affect the building of a harmonious society and mobilize all positive factors, etc.

6.1. Analyze Contradictions and Discern the False from the Genuine

The elaborate analysis described above shows that, at present, the reform and development of China is indeed entering a historic new stage. At the same time, China is facing some new problems that it has never encountered before. The so-called reforms reflect public opinion, that is, the public's overall assessment of the situation of developmental change, is to look carefully at the work of the past and to carefully and meticulously make plans for the future. China's economic and social system need to be further improved; the economic and social reforms also need to be further promoted. Under this set of environmental circumstances, some of the problems that have existed in the reality of economic and social life have deteriorated sharply, which has also exposed serious defects in the reform process, the success of which depends on major theoretical concepts and policies measures. Economics had done some summarization and explanation in the past. For example, first of all, social conflicts caused by the widening gap between rich and poor, the unfair distribution of wealth, and the proliferation of administrative corruption has gradually increased, and has aroused a strong dissatisfaction on the part of the people when facing real-life negative phenomena. Second, a legal environment necessary to the normal operation of a modern market economy has been long delayed. Third, basic education and social security and other public services provided by the government are steadily shrinking. Fourth, the extensive method of growth adapted to the traditional socialist economy is difficult to transform to an intensive growth mode (Fu, 2006). In this case, the problems of China's reform and development broke out during 2004 to 2005. This situation indicates that we must seriously reflect on the achievements and shortcomings of China's reform, as well as the challenges we have now and will face in the future. At this moment, every citizen and every economic actor have the responsibility for providing their own professional thinking on this.

Of course, every historical stage and every nation's society has had problems and contradictions because life is a contradiction and contradictions constitute life. However, the preceding simple analysis shows that China's economic and social conflicts suddenly have become visible in recent years. The most important reason for this is that the ideological trend of "pan marketization" has stirred up radical economic reform measures that have induced large numbers of illegal actions in violation of the rules and regulations. Therefore, there is no doubt that pan-marketization will intensify economic and social contradictions. A large number of facts have proved that a variety of the propositions of pan marketization are in reality faux reforms packaged with market economy theory. They seem to reform thoroughly, but in reality they can be labeled as sham reforms. They are trying to steer China down a road which leads from true reform. The most typical economic outcomes are income, education, health care, housing, employment, etc., which are closely related to people's lives; however, these are more or less ignored. Irregular economic activities, irrational administrative and non-scientific production operations simultaneously appear in pan marketization theory.

The public has failed to obtain the expected benefits from the rapid development of the economy. Many unreasonable and illegal actions happen in economic and social life and disrupt the peaceful life of people. Recently, the number of people who have begun to talk about illegal and black market activity is on the rise.

6.2. Adhere to Principle and Maintain the Truth

How should we penetrate those hypocritical, misleading and so-called arguments of "market economy reform"? This requires serious analysis, pondering over events at the source, and mercilessly criticizing those arguments which have appeared under the banner of a deceptive theory. Refuting erroneous statements does not mean to merely apply labels, describing the painful lessons Chinese people have learned in the past. For example, cracking down on some person or advocating the opposite route in the Great Cultural Revolution only brought chaos and eventually caused the nation to suffer catastrophe. We need to reflect on reform and to distinguish truth and falsity in accordance with facts and reason, not only in order to know how to maintain an excellent situation of stability and unity, but also in order to know how to explore the new channels for pushing ahead. In particular, the radical implementation of the policies of a market economy indeed has promoted a thriving business sector. Some people accordingly insist that reform is sailing smoothly, and that there is no need to reflect on the reform process. Under the instructional policy of "Let some people get rich first", "get rid of the concept of the communal pot", and "bravely go

into business”, put forward by comrade Deng Xiaoping, some people have profited from the market economy and now live a wealthy life. However, the time belonging to the last generation has passed away and things have changed sharply. An argument dogmatizing Deng-era theory of wealth has emerged, and insists that it is the timelessly true theory. It seems that there are many ostensible reasons to say that this criterion (the primacy of wealth) is important. In fact, it is not true. Adhering to this theory of wealth does not mean that society should ignore the erroneous money-oriented tendency in today’s society due to the influence of pan marketization ideologies, and it does not mean that there is no need to study the reasons for the large gap and to look for ways to narrow the gap. The persons who support this kind of argument also tout that it adheres to Marxism with Chinese characteristics and is entirely correct. In fact, this is a kind of dogmatic Marxism, which appeared before Marx. Engels had said to some French “Marxists” in the late 1870s: “I only know that I am not a Marxist” (Marx and Engels, 1976). The French “Marxists”, who did not gain recognition by Marx, actually used dogmatism to distort and stifle the quintessence of Marxism. Marx, in this work *Das Kapital*, created a Socialist Political Economics, which dialectically looked at economic contradictions, but this is certainly not the end of Socialist Political Economics. History used as a mirror can tell us the truth. Starting from actual conditions in the economy, and using the Marxist method to observe, interpret and transform the world, has really combined Marxism with China’s realities, and has really implemented the Deng Xiaoping Theory and the important thought of the “Three Represents”, and has set up the socialism with Chinese characteristics.

Realistically observing all these Chinese factors from a macro-level, we can perceive that all market-oriented approaches do not let things get better: the wealth gap is widening, medicines are much more expensive than people can afford, etc. This situation cannot mobilize the enthusiasm of the people. In terms of economics, it is not the optimal configuration of resources, and this situation makes it difficult to build a harmonious society. In the early stages of reform, is the country faced a distressed situation. The nation’s economy was on the edge of collapse caused by the Great Cultural Revolution, and China had to endure some negative effects in the short term in order for long-term economic indicators to surge. In contemporary society, however, the requirement of economic and social development is that the economy is people-oriented and that comprehensive prosperity should arise across the nation. The fact is that few development indicators soar while some others rise slowly or even retrogress falls short of the goal of building a moderately prosperous society. Development indicators are logically inter-related. Indicators of the entire system will be disordered when the internal relations get disordered. Sustainable economic growth is the only real development.

A country's leadership management, in fact, should be a well-coordinated leadership management having a variety of relationships. The formation of comprehensive national strength is also generated by the collaboration of various forces. China's total economy is still not strong enough. It needs to continually and vigorously develop productive forces. Nevertheless, increasing productivity must rely on the optimal allocation of capital, technology and labour, and a society can never have an efficient allocation of resources without coordination.

In short, a scientific and reasonable allocation is particularly important when the reform reaches a certain level. Because this relates to the fairness of society and to the long-term stability of society, it eventually determines the development of the ecological environment. Are all members of society allowed to enjoy the fruits of development based on their abilities and contributions to creating a harmonious, happy and peaceful society? On the other hand, does the nation continue to allow some people to grab the wealth of society, resulting in the disparity between the rich and the poor and eventuating in reform which is sidelined and which will eventually endanger social justice, stability, and which will increase the disharmonious factors present in Chinese life today? In this regard, Hu Jintao, the General Secretary of the Chinese Communist Party, and Wen Jiabao, the Premier of the State Council, have given a clear answer at different periods and occasions.

In the planning proposals of the "Twelfth Five-Year Plan", in order to centre on energy conservation and emission reduction, to improve incentives and to improve restraint mechanisms, to accelerate the construction of resource-saving, to encourage environmentally-friendly production methods and consumption patterns, to enhance the capacity for sustainable development, and to raise the level of ecological civilization, the Chinese Communist Party has pointed out that we should vigorously build a harmonious society, we ought to implement the scientific concept of development, and to establish a green, low-carbon development concept. Here you can clearly see that the previous simple, disharmonious, and environmentally unfriendly development concept has been completely abandoned, having been replaced by the green and sustainable development concept of harmony between man and nature. Development is the mainstream of society, which is a historical necessity. The Chinese Communist Party in its landmark literature clearly indicates that we cannot develop at the expense of other people's rights of subsistence and development. This stage of development must be built on the foundation of harmony, creating a dynamic and just target and marching towards a relatively stable path of development within the limits of social tolerance and historical license. Therefore, we must continue to make efforts to promote the process of reform, to improve the socialist institutions of China. This approach is the scientific and harmonious development concept that we should strongly advocate.

6.3. Eradicate the Old and Forge Ahead

Varieties of proposals, theories and ideas have emerged in the reform process. Reflecting on the process of reform, and establishing a new concept is not only undergoes a process of theoretical explorations and continuous advancement, but also the process of the full release of labour productivity. Some people refuse to criticize the argument of pan marketization, and refuse to criticize it as negative nonsense in its evaluation of the market economy. They tend to attribute errors which have occurred such as high education fees, hospital charges, etc., to distorted market economic theory. These people seem to have forgotten a large number of evil consequences in the field of distribution, health care, education, and environment and in other fields, which consequences have led to the pan-market economy. It's dangerous for policy makers to understand an economic theory only vaguely, and then to merely use it in general. The concept is correct which states that some people should get rich through labour, as a first step. However, the severe polarization of wealth, namely the ever-widening income gap between urban residents and rural residents and the Gini Coefficient having almost exceeded a reasonable value of around 0.4, is not good news. The gap is so large that it will breed hatred of the rich if there are not effective measures in the future.

Of course, it is undeniable that there are objective factors at work in those who practice an extreme behaviour. The implementation of a market-oriented operation in private schools is not wrong. People routinely criticize individual corruption in the education sector on the internet. The problems are actually not so serious in aspects of compulsory education, medicine and health. The time of problem solving has been delayed because of the influence of the pan marketization idea. The correct direction of proper governance is that the executive departments gather and analyze these comments, formulate a comprehensive reform of economic and management systems, narrow the urban-rural income distribution gap, and provide equitable educational opportunities. When unreasonable factors are eliminated or reduced, the Chinese economy will progress naturally. Deng Xiaoping pointed out: "beneficial or harmful to the realization of the four modernizations should be the most fundamental standard of measuring all work" (Deng, 1994). There would be no modern industrialized countries if market economic theory is wrong. The real reason for China's troubles today is the appearance of the pan marketization theory. It has disrupted the implementation of the strategic plan of the "Four Modernizations". Criticizing the spread of pan marketization economics, of course, is not to deny the theory of the market economy.

For example, the idea of self-reliant economic development and hard-working practices, which China has always pursued during the leadership period of Mao Zedong, can be re-raised as the current Chinese development

strategy in the face of current entrenched power and dominating hostile forces. Reintroduction of the idea of self-reliance does not mean that we should close the nation's portals to the outside, but rather means advocating considering self-sufficiency as the nation's major driving force. Similarly, re-advocating hard work does not mean that all people should suffer a poor quality of life, but rather means putting an end to the tendency of fickleness, extravagance and waste in contemporary China. More and more people are aware of the negative effects brought on by pan marketization ideas in these years. The pace of progress will be blocked without profound understanding of the lessons of the past reforms, and if there is no analysis and critique of the pan-marketization fallacy, progress will be further harmed. Undoubtedly, the progress of both thought and practice is the result of the development of human civilization. Before the overall happiness of humans arises, as well as a harmonious society, objective reality needs people to reach a consensus in order to maintain the sustainable economic development of human society. The world is unsafe and individual countries and nations will be not peaceful when ignoring the common problems of humankind. A catastrophic outcome should never be allowed to emerge. Criticism of pan-market thinking is necessary to prevent harm to the future. It is to declare war on behalf of progress against backwardness, and on behalf of science against ignorance.

Notes

- + Authors' acknowledgement: We sincerely thank the editors and anonymous reviewers for their critical comments and constructive suggestions to improve the quality of this paper.
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1. ¥ – yuan 元; RMB – renminbi 人民币.
2. \$ – US dollar (USD).

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