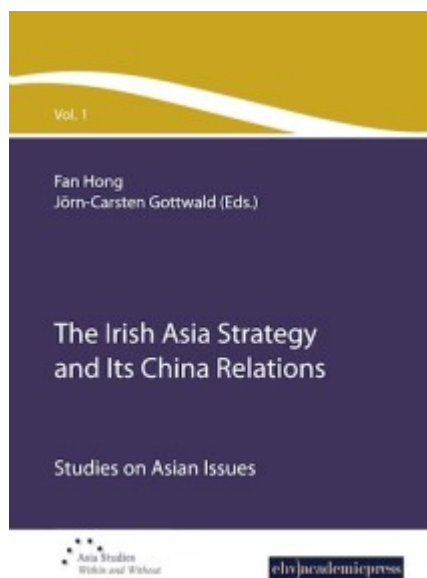


Chapter 3: Social Change and the Urbane - Rural Divide in China ~ The Irish Asia Strategy and Its China Relations



*Social Change and the Urban-Rural Divide in China**

To most observers, China today is an extraordinary success story. In three short decades the world's most ancient continuous civilization, most populous state, and the former "sick man of Asia" has been transformed into an economic powerhouse that will shape the global political economy for the rest of the 21st century and beyond. In comparison with the former Soviet Union and its East European satellites, China seems to have made a remarkably smooth and successful transition from a centrally planned socialist system to a dynamic, market-oriented economic engine. Yet beneath the surface China's social and political order suffers from paradoxical internal contradictions which that society's reformist leaders have not been able to resolve.

The current essay deals with perhaps the most important such unsolved institutional problem in China today, the sharp cleavage between its urban and rural citizens. As Ireland and other countries heighten their economic interaction and diplomatic engagement with China, it is important that they be aware of the deep-seated social conflicts and injustices that have characterized rural-urban relations in China since 1949, as continued failure to address and rectify these problems may threaten China's continued rise.

It is now clear that the revolution led by Mao Zedong, usually seen as dedicated to creating a more egalitarian social order, in actual practice created something very much akin to serfdom for the majority of Chinese citizens - the more than 80% of the population residing in rural villages, who were effectively bound to the soil. **[i]** Despite some weakening of the bondage and discrimination faced by rural

citizens in recent years, China is still struggling with the legacy of the system the Chinese Communist Party (CCP) leadership created during the 1950s. That a peasant army led by a son of the soil, Mao Zedong, established “socialist serfdom” for rural citizens is a major paradox of the Chinese revolution. Before discussing the grounds for these claims and pondering how this situation came about and was sustained over time, it is worth considering how much at variance this development is with the conventional view on inequality trends in China since 1949.

Conventional Views on Inequality Trends in Post-1949 China

In most conventional accounts, the history of the People’s Republic of China can be divided into two very different eras, the socialist order presided over by Mao Zedong from 1949 to 1977, and the reform era launched by Deng Xiaoping, from 1978 to the present. In the first era, so the story goes, Mao and his colleagues (including Deng) relentlessly worked to attack feudal remnants left over from Imperial and Republican China and to promote greater social equality, even when such egalitarian interventions interfered with economic growth. In the closing phase of Mao’s rule, the Cultural Revolution decade (1966-76), Mao and his radical followers criticized the social order they had built during the 1950s, as well as the Soviet model on which it was based, as still too hierarchical and unequal. It is believed that the resulting Cultural Revolution reforms transformed China into an even more egalitarian (but also more economically inefficient) social order. **[ii]** In the reform era, in contrast, the conventional wisdom is that Deng and his reformist colleagues switched gears and began pursuing economic growth at all costs, while ignoring the goal of promoting social equality. As a result of this switch, China today is characterized by both high growth rates and rising inequality.

While there is much truth in this conventional account, it doesn’t fit the reality of the changes over time in what has become China’s foremost social cleavage – the rural-urban gap. What actually happened to China’s rural residents was very different from the scenario of systematic promotion of equality under Mao followed by widening inequality in the era of market reforms. As indicated at the beginning of this essay, the actual trend looks much more like descent into serfdom for rural residents in the Mao era, with only partial liberation from those bonds in the reform era. In other words, in multiple ways the social status, mobility opportunities, ways of life, and even basic citizenship claims of China’s

rural and urban citizens diverged sharply under the socialist system that Mao and his colleagues created, producing a caste-like division that did not exist prior to 1949. Mao's socialism led to a fundamental aggravation of the rural-urban cleavage, not the reduction implied by the conventional discourse.**[iii]**

Since 1978 the picture is more complicated. In some respects the rural-urban cleavage has been weakened and reduced, while in others it has widened still further.**[iv]** What is clear, at least, is that the extraordinary status gulf between rural and urban residents in China, substantially a product of socialist policies and the practices and institutions of the Mao era, has left a legacy that has endured to the present. This persistence has occurred even as those socialist policies and institutions that were its basis have been increasingly dismantled, replaced by market distribution. This institutional inertia poses a second major paradox: why has it been so difficult in the midst of so much other hectic change to dismantle the systems of urban privilege and rural discrimination that were originally embedded in China's distinctive form of socialism?

This inertia contrasts sharply with what happened after Mao's death to another very important caste-like division created by Mao-era socialism. All Chinese families had been classified during the early 1950s into class origin categories based upon their economic standing, property, participation in labor, and other characteristics prior to 1949. These categories (e.g. landlord, poor peasant, worker, capitalist) became the basis for a system of class origin labels that persisted over time and were inherited in the male line. By the 1960s and 1970s your class label, by then based upon past history rather than current social position (for example, those with landlord labels had not owned any excess land since 1953), had a strong influence over whether you were favored or discriminated against in many spheres of life (access to higher education and good jobs, entry into the Party or the army, whom you could marry, etc. - see Kraus 1981). In 1979 China's reformers declared these class labels outmoded and harmful, required that they be removed from personnel dossiers and other identity documents, and forbid favoritism and discrimination based upon class labels. Almost overnight this class label caste system began to disappear from public consciousness, and it appears to play no significant role in influencing access to opportunities in China today.**[v]**

However, nothing comparable has occurred regarding China's rural-urban caste system. The remainder of this essay presents a brief summary of the specific

policies and institutions that created “socialist serfdom” for rural residents in the Mao era. That discussion is followed by a similarly brief overview of some of the important changes that have altered rural and urban social patterns and rural-urban relations in China since 1978. The essay concludes with some preliminary comments on recent developments that give some hope that the legacy of “socialist serfdom” may finally be under challenge.

The Mao Era: The Institutionalization of “Socialist Serfdom”

In late imperial times, and continuing after the 1911 revolution, China was anything but a “feudal” society. Although the economy was based primarily upon agriculture, and more than 80% of China’s population lived in rural areas, there were few legal or institutional barriers to geographic and social mobility. Poor villagers could and did leave their communities in droves to seek their fortunes in the cities or frontier areas, or even overseas, sending back a portion of their incomes as remittances if they could, and perhaps returning periodically for family events and festivals, and maybe eventually to retire and die. A system of household registration existed over the centuries, but its function was to keep track of where people lived, not to restrict their movement. A rural migrant who succeeded in finding employment in a city could readily submit to registration, rent or buy housing, and in general become a settled urbanite, although perhaps still retaining a strong sense of being an urbanite from a particular rural place of origin and therefore different from neighbours from other places. **[vi]** By the same token there were no aristocratic entitlements (outside of the imperial family prior to 1911) or caste barriers to prevent the rich from losing their fortunes, jobs, and/or land and descending into poverty and desperation. Given the high rates of upward and downward mobility and the relative freedom of movement of the Chinese population, over the centuries the status barrier between rural and urban residents was not large.

When the CCP swept to national power in 1949, this general pattern did not change much at first. Indeed, the CCP victory produced a huge wave of rural to urban migration, as the victorious revolutionary army, largely consisting of rural recruits and heretofore confined to relatively inhospitable rural base areas, swept into the cities and took over the management of all urban government offices and enterprises. Throughout much of the 1950s, substantial freedom of geographic and social mobility continued, with ambitious rural residents both recruited to, and flooding on their own accord into, cities to staff the growing offices and

factories of the new socialist state. However, a series of interrelated institutional changes introduced in the years from 1953 to 1958 fundamentally changed this situation, replacing the relatively free movement of people with a regime of bureaucratic assignment and immobility that lasted until after Mao Zedong died in 1976.

China's revolutionary leaders from the outset were worried about their ability to control and manage China's cities, which until the final stage of China's Civil War had been controlled by Chiang Kai-shek and the Kuomintang (not to mention earlier by Japanese occupiers and by other foreign powers in treaty-port concessions) and as such had been centers of private business; foreign influence; secret society penetration; and rampant crime, drug addiction, and other social problems - all forces threatening CCP rule. Free migration from the countryside into the cities was seen as aggravating the difficulties of bringing unruly Chinese cities under control. Thus even as the new government declared that Chinese citizens had the freedom to migrate and to live wherever they chose, they also criticized "blind" migration that didn't serve national interests and launched targeted attempts to get certain groups of migrants to return to the countryside (Cheng and Selden 1994). Only after the socialist transformation of the economy and the introduction and elaboration of a range of additional control institutions during the 1953-58 period was comprehensive control of individuals and their movements possible.

Just as the full control system was completed in 1958, it was massively disrupted by the launching of the Great Leap Forward, which led to active recruitment of an additional 20 million migrants from the countryside to fill the projected labor shortages of urban factories. After the collapse of the Leap there ensued a mass deportation to the countryside on roughly the same scale. It was only as of about 1960 that the "invisible walls" (see Chan 1994) Mao and his colleagues had created around Chinese cities slammed their doors shut, effectively eliminating virtually all further voluntary rural to urban migration until the reform period.

Despite their unfamiliarity with, and anxiety about, urban management when they came to power, and also despite the rural roots of the Chinese revolution, Mao Zedong and his colleagues ended up pursuing a vision of socialism that was every bit as biased toward the cities and industrial development, and against agriculture and rural residents, as the versions promoted by Marx, Lenin, and Stalin before them. The embodiment of socialism was seen, as in the Soviet Union, in large, vertically organized, capital-intensive industrial complexes

located overwhelmingly in cities, complexes whose production and other activities were tightly controlled by the bureaucratic decisions of planners, with that control facilitated by the fact that Chinese socialism involved the elimination of markets not only for capital and land, but also for labor.**[vii]** As in the USSR under Stalin, agriculture and the rural population were seen primarily as providing a source of extraction of resources to power industrial development in the cities.**[viii]**

The combination of a capital-intensive industrial development strategy and the failure of the Great Leap Forward convinced China's leaders that the labor power of rural residents, in the form of migration to take up urban jobs, was no longer needed or desirable in the 1960s and 1970s. Indeed, during those years efforts that were much more massive and successful than those undertaken during the 1950s resulted in millions of urbanites being mobilized to leave the cities and settle in the countryside - an unprecedented mass "ruralization."**[ix]**

Since rural labor power was not needed to power urban industrialization, the countryside primarily served as a source of low-cost agricultural products to feed the urban population, with a portion also destined for export to earn foreign currency to finance technological acquisitions and other key activities. These strongly urban-biased economic priorities led to fundamentally different official distribution policies being adopted toward the cities and toward rural areas. Urban residents were provided with secure jobs; heavily subsidized housing, education, and medical care; rationed allotments of food and consumer goods; and a broad range of benefits (such as aid maternity leave, disability pay, retirement pensions, etc.), a combination one scholar (Solinger 1999) refers to as the "urban public goods regime."**[x]**

Rural residents, in contrast, received no such guarantees, were outside of the state budget, and generally only received such compensation and benefits as their own labors and their local communities could provide.**[xi]** Although direct taxes on farmers were relatively moderate, the obligation to meet grain procurement quotas and thus turn over a large share of the harvest to the state at artificially low, bureaucratically set (and relatively fixed) procurement prices, when combined with the rising cost of urban manufactured goods and even agricultural inputs, such as chemical fertilizer, produced a price differential "scissors problem" for residents in China's rural communes.**[xii]** These price policies, combined with the minimal and generally declining rates of state investment in rural areas and in agriculture, produced a situation in which many rural

communities remained mired in poverty throughout the socialist period.

The rural picture is not entirely bleak during the Mao period, since considerable effort was expended by the state to promote techniques and institutions designed to improve agricultural performance and presumably raise the incomes of rural residents. However, for the most part these efforts took the form of “unfunded mandates” to build reservoirs, plant new strains of crops, change local incentive systems used to reward farm labor efforts, and so forth, all in the spirit of “self-reliance” by relying on local resources and labor-power with minimal financial assistance from the state. Some of these initiatives from above, such as China’s own version of the “green revolution” promoting new, higher-yielding strains of major grain crops, were quite successful, and state promotion of rural health care and village cooperative health insurance plans and rural education raised life spans and education levels very significantly during the socialist period. However, other interventions from above were less successful (as in the limits on crop diversification and free marketing of the 1970s) or even disastrous (as with the Great Leap Forward with its estimated 30 million deaths, almost entirely a rural phenomenon). The result was a widening of the gap in income and standard of living between rural and urban areas over the course of the Mao era, not progress in pursuing the proclaimed goal of shrinking that gap. When local communities were not successful in their efforts at “bootstraps” agricultural development, residents had no alternative but to remain locked in local poverty (Ash 2006).

In China before the 1950s and in other societies around the world, the traditional remedy for rural poverty is out-migration. Individuals flee poverty-stricken communities to seek better prospects elsewhere - in other villages, in the cities, and sometimes even abroad. If they are successful in gaining an economic foothold elsewhere, they may send back cash remittances that help family members and relatives left behind and foster chain out-migration to share new opportunities, and in some cases they even return eventually and buy farmland or start up a village business. The potential gains to poor villages from out-migration generally far outweigh the potential losses (the feared “brain drain”). In socialist China, this escape mechanism was effectively closed off after 1960. China’s rural residents were bound to the soil much like serfs in medieval Europe through a combination of institutions centering on China’s system of household registration - the *hukou* system.

As indicated earlier, the requirement starting as early as 1951 that urban

households all be registered through the local police substation did not initially prevent rural to urban migration. However, increasingly after 1953 new registration regulations and edicts were passed aimed at making such migration more difficult, culminating in much tougher regulations promulgated in 1958, which essentially prohibited all voluntary, individually initiated migration upward in the urban hierarchy. Even though the new rules were not effectively enforced until after the high tide of the Great Leap Forward, they put in place the institutions that made China's rural and urban not simply areas of different economic priorities, but lower and higher castes (see Cheng and Selden 1994; Wang 2005).

At birth individuals inherited the household registration status of their mothers (although China is a thoroughly patrilineal society by tradition)**[xiii]** and were classified as either agricultural or non-agricultural, as well as by the level of city for those with non-agricultural *hukou*. Registration status was tied to a complex set of migration restrictions. Individuals could move voluntarily downward (to a smaller city or to a rural place), or horizontally (as when rural brides moved into the villages and homes of their grooms), but not upward. Permission to migrate upward in the system was to be granted only if the urban destination gave bureaucratic approval in advance, and that was to be granted only in relatively rare and special situations (e.g., admission to an urban university, service in and then demobilization from the army as an officer,**[xiv]** or when an urban factory had taken over rural land for plant expansion).

As noted earlier, urban registration status was not necessarily permanent, and over the years millions of urban residents were mobilized to leave and resettle in smaller cities or in the countryside, where their new rural registration status would normally prevent them from returning to their cities of origin.**[xv]** The burden of accommodating "rusticated" urbanites was an additional hardship for China's villages. China's cities could through such "rustication" mobilizations remain relatively lean demographically and economically, with virtually all able-bodied adults fully employed, while villages became places of concentration of the unemployed and underemployed. **[xvi]**

If a determined rural resident ignored the rules and wanted to move to the city without bureaucratic permission, it was next to impossible to do so. The other institutions (besides household registration and migration restrictions) that made China's caste system enforceable were extensive urban rationing and the associated bureaucratic controls over the essentials of life (see the discussion in Whyte and Parish 1984, Chapter 4). After the 1950s, urban individuals were

assigned to jobs in a bureaucratic fashion by local labor bureaus, rather than hired by firms and enterprises directly. Local urban registration status was a requirement, and most of those assigned were graduates of local middle schools and universities. There was no labor market, and no job fairs or personnel ads – in general there was no way for someone from outside the city to compete for a job there.**[xvii]**

Urban housing was also bureaucratically controlled and allocated, again with no market for housing rental or purchase by the general public. After the 1950s individuals and families obtained access to housing predominantly through their work organizations, and urban housing was generally so cramped that informal rental to a migrant would have been out of the question even if it had been legal. Individuals and families also obtained medical care through clinics and hospitals affiliated with their work organizations or neighborhoods, and to which they were referred when they needed medical treatment, making anything except emergency room care off limits to those who lacked local urban registrations at a minimum. Needless to say, only those with urban hukou could enroll their children in city schools. In addition, many but not all basic food items and consumer goods were strictly rationed, so that again at least a local urban registration and perhaps other qualifications were needed (along with cash) in order to make a purchase. The list varied somewhat from city to city and over time, but in general it was a long one, including grain and flour, cooking oil, pork, sugar, doufu, powdered milk, cotton cloth and garments, soap, “beehive coal” for heating and cooking, bicycles, certain furniture items, etc. etc. As a result of these extensive regulations and rationing, it was extraordinarily difficult for someone from rural areas, or even from a town or smaller city, to stay for any period of time in a Chinese city.**[xviii]** The rigidity of these institutional arrangements, and their strict enforcement, help to explain how the age-old remedy of flight from the village to seek opportunities in China’s cities remained effectively closed for two decades after 1960.**[xix]**

The Reform Era

The story of China’s dramatic about-face after Mao’s death is now familiar. In what amounts to a new social revolution, many of the institutions and policies of China’s socialist era were jettisoned after the reforms were launched in 1978, increasingly replaced by market distribution, openness to the outside world, and frenzied pursuit of economic development along lines similar to what had

occurred earlier in Japan, Taiwan, and South Korea. These reforms have changed basic aspects of economic and social life in China's villages and cities and have altered the nature of the rural-urban relationship. However, some important institutions and practices have not changed, or have changed only around the margins, so that China entered the new millennium still sharply divided into two separate castes, rural and urban, with sharply different rights and opportunities in life.

The two most important institutional changes affecting China's rural residents and rural-urban relations are the de-collectivization of agriculture and the loosening of migration restrictions. The ending of collective farming (in the period 1978-83) and the return to family farming through the household responsibility system mean that villagers are no longer under day-to-day command of local cadres and have much more autonomy to plan their economic activities and deploy their family labor power as needed. Provided that families meet their obligations to turn over the required grain procurements and agricultural taxes on their contracted land, they can experiment with new crops, start a business, or even leave to seek work elsewhere. **[xx]** Even though China's authorities have maintained a strong preference that "elsewhere" be restricted to village factories or jobs in rural towns, eventually migration to distant locales and large cities became common. Indeed, China's establishment starting in 1979 of Special Economic Zones along the coast, which rapidly grew into major urban centers, would not have been possible without large-scale migration from China's villages. The vast majority of the "made in China" items that have flooded markets around the world are the product of such migrant workers.

The new opportunities for rural people to augment or even replace reliance on growing grain with a much more diverse array of activities - growing specialized crops, engaging in handicrafts, marketing to towns and cities, starting a village business, working in a rural factory, or seeking wage employment in urban areas - helped spur an initial rapid improvement in rural incomes in the 1980s and a dramatic reduction in the proportion of rural residents mired in poverty. Indeed, the fact that China's rural reforms took off earlier than the reform of the urban economic system (in the late 1970s, rather than after 1984) contributed to an initial shrinking of the income gap between China's rural and urban residents during the first half of the 1980s. **[xxi]**

However, some new developments of the reform era further disadvantaged

China's villagers, rather than "liberating" them to pursue better opportunities. In particular, the rural health care system, which had done so much to foster better health and longer lives despite the material poverty of the Mao era, collapsed. Village cooperative medical insurance systems ceased to function in most villages, with rural residents having to seek medical care on a fee-for-service basis, while many of the rural paramedical personnel (the famous "barefoot doctors") and even some fully trained medical personnel left rural areas or left medicine entirely. Similarly, the financing, teaching, and attendance levels in rural schools were undermined by market reforms, leading to a sharp decline in the early 1980s in rural secondary school enrollments, with partial recovery in later years. As a result, in terms of access to medical care and education, the gap between rural and urban widened in China in the early years of the reform period.

The de-collectivization of agriculture, in combination with market reforms in the urban economy, unleashed waves of rural to urban migration in China, with estimates of the size of that country's "floating population" at any one time ranging from 8 million to 130 million or even more. Urban rationing was phased out in the midst of the growing abundance available in urban markets, and Mao-era prohibitions against employing and renting housing to rural migrants were also relaxed. For individuals with agricultural household registrations, getting established and earning a living in a city went from being close to impossible to simply difficult.

In established large cities initially most of the migrants filled niches and took jobs that the urban population disdained (as the "three Ds," jobs that were dirty, difficult, and dangerous), particularly in construction, hauling, domestic service, and in street-corner commerce. However, the rapid growth of new factories and businesses, many of them based upon foreign or private ownership, produced a rising demand for labor across the board that could only be satisfied by hiring rural migrants. Most large cities in the 1980s and 1990s responded to the migrant "threat" by passing complex sets of regulations designed to prohibit migrants from being hired in particular occupations and in certain kinds of state enterprises and government agencies. However, the availability of masses of eager rural migrants, willing to work for modest wages and in many instances having at least some secondary schooling, led urban firms to try to get around such regulations in order to hire migrants. After the mid-1990s, as state-directed reform of state enterprises accelerated, with large numbers of state firm employees laid off or threatened with firm closure, increasingly rural migrants

were competing directly with urban residents for some urban employment opportunities.

Despite the expansion of opportunities in the cities for rural migrants, the situation is still very far from equal opportunity for all Chinese citizens. The key point to bear in mind is that the vast majority of rural migrants seeking opportunities in Chinese cities still retain their agricultural household registrations, no matter how long they have resided in an urban locale. There are some limited exceptions to this generalization. If rural residents manage to find stable employment and housing in low-level cities (at the township level starting in 1984 and at the county level after 2001), they can apply to obtain non-agricultural *hukou* status in that locale. Also, in some periods and in some cities, wealthy rural migrants willing to invest large sums in either businesses or housing purchases have been able to obtain “blue seal” local non-agricultural *hukou*.

In very recent times there have been experiments in a variety of Chinese cities to more fundamentally reform the *hukou* based system of discriminatory access to urban facilities and opportunities, but in general throughout the reform period categorical discrimination based on the rural-urban cleavage has persisted. Indeed, one might say that the primary change since the Mao era is that there is now a three caste system in China, rather than a two caste system, with one’s opportunities and treatment differing sharply for rural residents, rural-urban migrants, and urban *hukou* holders. **[xxii]**

Migrants, as the intermediate caste, have access to many more opportunities than the rural kin they leave behind. However, on many different fronts they are subjected to inferior treatment and discrimination by both urban *hukou* holders and urban authorities, again no matter how long they have been a *de facto* urban resident. For example, migrants not only tend to be concentrated in less desirable jobs with lower pay and benefits, but even when they work in the same jobs as urban residents, they may not receive the same treatment. Indeed, many migrants have their wages docked in order to pay substantial fees and deposits in order to be hired in the first place, making them in effect bonded laborers until they can pay off their “debts.” In addition, migrants have generally not been able to send their children to urban public schools unless they are willing to pay special high fees, requiring most to resort to inferior but less expensive private schools that cater to migrants. Urban authorities have from time to time bull-dozed suburban

housing settlements catering to migrants, and they have also closed and padlocked some migrant schools as “substandard.” Migrants are vulnerable to police arrest, detention, physical abuse, and deportation to their native village, particularly if they are not able to present acceptable proof of urban temporary registration and other identity documents.**[xxiii]**

For their part many if not most urbanites continue to regard rural residents as well as urban migrants as uncultured, backward, and in general less civilized than urbanites,**[xxiv]** and they often blame migrants for the increasing congestion and crime they see around them. Given this institutionalized discrimination, it is not surprising that there are striking parallels between the treatment of China’s “floating population” and illegal immigrants in the United States and blacks and coloureds in the former apartheid system in South Africa, ironic parallels given the fact that migrants are Chinese citizens supposedly entitled by their constitution to equal treatment.**[xxv]**

Despite the many obstacles and forms of discrimination they face, migrants keep flooding out of the countryside and into China’s urban areas. They constitute the great majority of the de facto population of newly arising export-oriented cities, such as Shenzhen in Guangdong. Even in China’s established large cities, they may constitute as much as 30% or more of the actual urban population at any one point in time. By the same token, the proportion of China’s population residing in rural areas has declined sharply since the reforms were launched, from perhaps 80% or more at that time to roughly 60% or even less today.**[xxvi]** If we take into account the fact that a significant proportion of the rural population and labor force no longer are involved in farming, then China early in the 21st century reached a milestone, with less than half of the total labor force dependent on farming (see Naughton 2007: 182).

It is generally acknowledged that migrants play a vital role in the economic revitalization of the Chinese economy since 1978, and in the economies of Chinese cities in particular. Migrants provide vital labor and services upon which urban hukou holders and enterprises have come to depend. The reestablishment of at least relatively free-flowing migration after a generation of urban closure also has the same potential benefits for rural villages and their residents that characterized China in the 1950s and earlier - underemployed rural labor power and extra mouths to feed can be removed from poor villages, migrants can send cash remittances and gifts back to families left in the village, migrants can assist

family members and others to join them in taking advantage of urban opportunities, and some proportion of migrants return to the village with new skills and resources they may use to start businesses to enliven the local economy.

Despite the positive gains unleashed by massive out-migration since the 1980s, China's villages continue to face serious development obstacles. State priorities still heavily favor urban and industrial development, with the lion's share of government investment funds expended in that direction, rather than in agriculture, despite the pressing development needs of villages. Similarly, the great preponderance of bank loans in China's state-directed banking system go to large industrial firms, and particularly to the remnants of China's once dominant state owned enterprises, with little credit available for either private business or farm investments. In addition, the way the government's administrative and financial policies in rural areas developed after 1978 accentuated some development difficulties faced by villages. Higher levels of government expected townships and villages to maintain and improve village public facilities, such as roads and schools, while meeting demanding targets in multiple areas, but without significant state funding – a continuation in altered form of the “unfunded mandate” approach of the Mao era. In order to pursue their ambitious agenda, many local governments levied a large number of local taxes and fees in order to meet such obligations (not to mention to pay the salaries of their growing staffs). The result was an aggravation of the peasant “burden problem” and rising rural discontent during the 1990s. **[xxvii]**

There were, however, positive developments in the reform era with some potential for reducing the rural-urban gap. In an arguably more successful variant of the state's preference for “bootstraps” development with minimal state funding, rural residents and China generally profited from a boom in township and village enterprises (TVEs) after the early 1980s, with the number employed exceeding 120 million by the early 1990s. Local non-agricultural jobs in TVEs constituted the primary alternative to urban migration for villagers wanting to escape a life of farming. However, two features limited the impact of TVE development on rural economies. First, TVEs were very unevenly distributed, primarily concentrated in already relatively prosperous rural areas along the coast and near sources of foreign capital and export markets, rather than in poor interior villages where alternative employment was most needed. Second, the changed economic climate in the 1990s made it much more difficult for TVEs to compete and grow, so that total TVE employment has been fairly stagnant since,

rising to only about 140 million in 2003 (Naughton 2007:286). Nonetheless, some rural locales have benefited during the reform era from the availability of two important employment alternatives that were largely closed off during the collective era - rural industry[xxviii] and migration to the cities - and despite the state's continuing bias toward urban development.

The changing opportunity structure after China's reforms were launched has enabled some rural families, and indeed some entire rural villages, to become very prosperous.[xxix] However, since the mid-1980s the most dynamic growth in the economy has been in urban areas, and the income gap between rural and urban residents has widened once again - to levels that are unusually large compared with India or other developing societies. The combination of state favoritism toward cities and industry on the one hand and continuation of institutionalized discrimination toward China's rural citizens through the hukou system on the other has counteracted any tendency for market reforms to help close the rural-urban income gap. As a result of the reforms, the term "socialist serfdom" is clearly not applicable any longer, since rural residents are neither bound to the soil as they were in the commune era nor operating in an economic system organized on socialist principles. Nonetheless, both rural residents and rural migrants living in cities continue to suffer from institutionalized discrimination in China today.

Signs of Change? New Policy Initiatives in the 21st Century

Although China's market reforms have not, to date, done much to reduce the disadvantages that come with being born in a village and bearing an agricultural household registration, there are two developments in the new century that provide a glimmer of hope that the institutions that have promoted such a sharp cleavage between rural and urban might eventually be reformed and the social injustice they foster ameliorated. The first involves announced changes in state priorities in favor of rural areas, and the second involves increasing public discussion and debate about the injustices of the hukou system and experiments with that system's reform or even elimination.

Already toward the close of the period of Jiang Zemin's leadership (1989-2002), the CCP decided to shift economic development priorities somewhat away from the previous primary emphasis on coastal development and toward the interior, as symbolized by the campaign to "Open up the West" launched in 2000. At around the same time, vigorous new efforts were made to address rural discontent

arising from the excessive burden of local taxes and fees, efforts focused on instituting “tax for fee” reforms and providing increased state financial resources to rural communities.[xxx] These changes, combined with another round of increases in the procurement prices paid to farmers for their grain deliveries in the mid-1990s, were intended to redress China’s widening regional and rural-urban income and consumption gaps. Additional efforts along the same lines have characterized the team of CCP leader Hu Jintao and Premier Wen Jiabao that assumed command after 2002. Hu has warned about the danger of social unrest – particularly in China’s villages – and is promoting the slogan of China becoming a more “harmonious society” and fostering a “new socialist countryside.” As part of this effort, beginning in 2004 the new leadership announced efforts to phase out agricultural land taxes and rural school tuition fees and to have the state provide an increased share of funding for rural schooling. A year earlier, experiments were launched to introduce and provide state financial subsidies for a new network of cooperative medical insurance systems in rural villages in order to reduce the barrier to obtaining treatment posed by medical fees. Also on an experimental basis, some localities in China have introduced a minimum income subsidy system for poor rural families (along the lines of the dibao system implemented earlier in Chinese cities)[xxxi] as well as a system of modest cash old age payments to rural parents who don’t have a grown son to support them. Again the picture is not entirely upbeat, since rural areas in recent years have been racked by rising protests stemming from another form of rural-urban tension – the confiscation of rural land for urban commercial and industrial development without adequate consultation and compensation. Still, on balance the range of recent policy initiatives designed to at least marginally shift priorities and resources more toward China’s rural areas seems a hopeful sign.[xxxii]

The other area of possibly hopeful developments involves a rethinking of China’s hukou system. Increasingly since the mid-1990s, Chinese authorities as well as intellectuals have recognized the fundamental injustice of China’s hukou-based caste system as well as the way in which this system interferes with the optimal mobilization of the talents and energies of all of China’s citizens. Instances of abuse of both rural residents and urban migrants have been condemned in the official media and over the internet. Discussions have been aired about the need to promote a general sense of citizenship for all Chinese regardless of the accidents of where they were born. Regulations have been passed designed to give migrants equal treatment with urban hukou-holders in such realms as wages,

fringe benefits, and schooling for their children. Many cities have repudiated their lists of proscribed industries and occupations, lists that had been used to restrict many urban jobs to those with urban hukou, while many localities have been experimenting with a variety of schemes designed to either make it easier for migrants to obtain permanent urban hukou or to reduce and eventually phase out some of the regulations designed to restrict access to urban resources and opportunities to natives of the city.

However, efforts to reform the system of hukou discrimination remained at an early stage when this essay was being written and apparently still faced stiff resistance within the leadership. One researcher (Wang Feiling) makes the jaundiced observation that there have been waves of proclaimed reforms designed to abolish the hukou system's injustices since the late 1990s, each of which has passed with only minimal impact. One reform being introduced starting in 2007 involves the replacement of the distinction between holders of agricultural and non-agricultural hukou with a distinction between local residents and outsiders. However, this change appears mainly to add another category to those discriminated against (migrants from other urban areas, who join rural migrants from elsewhere as "outsiders"), rather to give all of China's citizens equal legal rights to compete for and enjoy the opportunities and benefits of life in the nation's cities.

In March 2010 there was a dramatic outburst of public advocacy for abolition of the hukou system. Stimulated by some encouraging words from Premier Wen Jiabao during preparations for meetings that month of the National People's Congress and Chinese People's Political Consultative Congress, thirteen media outlets led by the *Economic Observer* jointly published an editorial calling for the abolition of the hukou system, including emotional language such as, "We hope that decades of Chinese government maladministration can end with this generation.... Let the next generation enjoy the sacred constitutional guarantees of freedom, democracy, and equality." (quoted in Minzer 2010). The response of the authorities was swift and harsh. The offending editorials were quickly removed from media websites, and the chief drafter of the plea, Zhang Hong, was forced to resign his editorial position. [xxxiii] In his subsequent remarks at the National People's Congress, Wen Jiabao stated that abolition of hukou restrictions would still apply only in small towns and cities, but not in large cities. In other words, the status quo in regard to China's dual caste system since the mid-1980s

was not to be altered.

There remains considerable fear that if all hukou restrictions are removed, and particularly if this done too suddenly, Chinese cities will be swamped by tidal waves of additional migration from rural areas, posing a serious drain on urban resources and services and a serious threat to social and political stability (see Wang Fei-ling 2010). Nonetheless, the increasingly open debate and new initiatives launched in recent years provide some positive signs. The caste-like divisions the hukou system perpetuates have survived three decades of market reforms, and China's leaders have given no sign that they have figured out how to dismantle the hukou system. However, the increasingly vocal consensus that this fundamental axis of social injustice must eventually be abolished suggests a possibility, at least, that the Mao-era caste barrier between China's rural and urban citizens may eventually be breached.

NOTES:

* The essay is based upon a talk presented at the conference, "China in the 21st Century," organized by the Irish Institute of Chinese Studies, University College of Cork, Ireland, June 6-8, 2007. A somewhat different version appears as the introductory essay in Whyte 2010.

[i] This essay builds on previous research on rural-urban relations in the People's Republic of China, including Potter 1983; Whyte and Parish 1984; Chan 1994; Solinger 1999; and Wang Fei-ling 2005.

[ii] Deng Xiaoping was purged not once but twice during this period. He was purged in 1966, then rehabilitated in 1973, but then was purged again in 1976. After Mao's death later that year, the ouster of his radical followers (the "gang of four" and their supporters) prepared the way for Deng to be rehabilitated again in 1977. He remained the dominant figure in the Chinese leadership until his death in 1997.

[iii] In both the Mao and the reform eras, China has had one of the largest income gaps between rural and urban residents of any nation.

[iv] It would make a more appealing and even more paradoxical story if we could report that China's shift to market distribution since 1978 has led to a systematic reduction of rural-urban inequality in China, contrary to the conventional account which associates markets with inequality. However, the reality is too complex to support such a simple generalization.

[v] While class labels appear to play no role in affecting current decisions

regarding opportunities and social mobility, the effects of two decades of class label-based discrimination on older Chinese could not be erased so readily.

[vi] There was a strong cultural tradition of native place psychology among Chinese migrants and a continuing role of native places and native place associations in organizing social life in pre-1949 Chinese cities, characteristics some claim inhibited the development of a general sense of urban citizenship or class identification in China compared with Western societies.

[vii] Urban China differed from the Soviet Union in having more total bureaucratic allocation of labor and inability of individuals to change jobs.

[viii] During the Mao era there was a major effort to redistribute resources and funds from already developed to less developed parts of the economy, typified by withdrawal of resources from China's largest and richest city, Shanghai. However, the redistributed resources were used overwhelmingly to invest in industrial growth in smaller and newer cities in China's interior, and even in industrial complexes located in remote mountain areas (as in the "third" front campaign of the 1960s - see Naughton 1988), rather than in agriculture or rural development.

[ix] The unprecedented nature of these reverse migrations away from cities is conveyed by the need to invent the term "ruralization" to convey the obverse of urbanization. What other developing society has seen its largest city shrink in population over time? That is what happened to Shanghai, which had over 7 million people in 1957 and only about 6 million in 1973. See Howe 1981.

[x] Access to these benefits was not equal within the urban population, however. Some of these public goods were available only to the roughly four out of five adults employed in state-owned (rather than urban collective) enterprises, and even within the state sector, those employed in or connected with high priority firms managed at high levels of the bureaucratic system generally received better treatment than others (see Bian 1994).

[xi] However, certain categories of rural residents - those employed on China's limited number of state farms, as well as certain local officials, teachers, and medical personnel, were classified as state employees and/or nonagricultural population, and they were thus entitled to treatment more comparable to the urban population.

[xii] Bureaucratic control over prices and the use of price differentials were also the primary means of extracting low cost agricultural products to feed urban residents in the Soviet Union. When China's agriculture was collectivized in 1955-56, the resulting collective farms were termed "agricultural producers'

cooperatives" (APCs). In 1958, as part of the Great Leap Forward, the APCs were merged into much larger units called rural people's communes. After the collapse of the Leap, communes were reorganized into somewhat smaller units, but the commune was retained as China's form of collectivization until de-collectivization was carried out in the early 1980s.

[xiii] After 1998 new regulations began to be implemented allowing individuals to claim the registration status of either their father or their mother, although some cities resisted following this practice for several years.

[xiv] The People's Liberation Army over the years relied heavily on rural recruitment. Unlike officers, enlisted personnel were required to return to their original residences and hukou when their service was completed, even if they had been serving in an urban location. However, the additional training and skills acquired in the military often led to leadership or other specialized roles back in the village, rather than a return to life as an ordinary farmer.

[xv] There are some exceptions to these generalizations. The unpopularity of the program that sent 17-18 million urban educated youths to settle in the countryside in the decade after 1968 led to a change in the rules, so that youths sent down after about 1973 were promised a return to their cities of origin, and a recovery of their registration status in that city, if they had spent a designated number of years (often three) laboring in agriculture.

[xvi] When urban educated youths were forcibly resettled in rural villages, the state provide a one-time "settling down fee" that was supposed to ease the financial burden on the receiving villages. It was assumed that over time the rusticated youths would acquire farming skills and become contributors to, rather than drains on, village economies. However, given the poor preparation of most urban youths and the substantial morale problems involved in rural resettlement, it is questionable how often this optimistic scenario was fulfilled.

[xvii] One exception to this generalization is that some urban employers, particularly factories, could request permission to hire temporary, contract laborers to meet short-term fluctuations in production activity. In some cases they could recruit such temporary workers from rural locales (see Solinger 1999: 39-40).

[xviii] Short term visits were possible, such as on business assignments or to visit relatives, with the proper travel papers and after converting grain or local grain ration coupons to the provincial or national grain ration coupons required to purchase food in the destination city. People who managed to stay in a place where they were not registered were referred to as "black people, black

households” (heiren heihu). The main instance of this occurring on any scale involved urban youths who had been sent down to the countryside in the mass campaign after 1968 who sneaked back and stayed with family or friends. In these cases they might prevail upon their hosts to share ration coupons and food in order to evade the system, but even so the black market, theft, and other shady activities some youths resorted to in order to survive contributed to a sense of declining urban social order in the 1970s.

[xix] Flight from poor villages in the past might be to other villages or to more sparsely settled regions around China’s periphery. We know little about such poverty-induced migration within rural areas in the 1960s and 1970s. However, such migration is likely to have been minimal also, since the strict enforcement of the household registration system and the way in which rural people’s communes operated as exclusive corporate membership trusts posed substantial barriers against migrants (except for in-marrying brides) trying to gain entry and acceptance in other villages.

[xx] There have been experiments and proposals to phase out the mandatory procurement of grain from the countryside and rely entirely on markets. Over time the proportion of the crop governed by state procurement has declined so far that today almost all crops in China are traded at market prices. The state grain tax was abolished in 2004 (see discussion below).

xxi. A long-overdue increase in the state procurement prices paid to farmers for their obligatory grain deliveries in 1979 also contributed to the shrinking of the rural-urban income gap in the early 1980s.

According to official figures, the ratio of average incomes of urbanites compared with rural residents fell from close to 3:1 prior to 1978 to less than 2:1 by 1984, before shooting up again to more than 3:1 in recent years. See Li and Luo 2010, Figure 5.1

[xxii] However, since villagers can readily become migrants, while neither villagers nor migrants can readily become urban citizens, it seems more accurate to describe the present system as still consisting of two distinct castes, rural and urban, with the rural caste subdivided into two subgroups, villagers and migrants.

[xxiii] After a widely publicized incident 2003 involving the death of a migrant in detention in Guangzhou, Sun Zhigang, new regulations were passed designed to minimize such abuses, although a few years later they seemed to be occurring again. Sun’s case stirred special outrage because he was a college graduate from another large city (Wuhan). No comparable outrage has been expressed over cases of abuse of true rural migrants. Migrants are supposed to register with a

local police station if they are staying for more than three days in their destination city and apply for temporary household registration if they are staying longer than a month, but these requirements are unevenly enforced, and at times it has been estimated that less than half of the migrants present in the city are officially registered in this manner.

[xxiv] One study (Fong 2007: 87) states, “even the impoverished, academically unsuccessful urban Chinese [youths]...tended not to think about themselves as part of a lower class because they, like most urban Chinese citizens, saw themselves as united with urban citizens of all classes in a superior urban citizenship category defined by its opposition to an inferior rural citizenship category.”

[xxv] China’s institutionalized discrimination against migrants has been criticized as a major human rights abuse. See Human Rights in China 2002.

[xxvi] Urban population statistics in China involve multiple complexities and puzzles—particularly the fact that official city size statistics are affected by administrative boundary changes and the variable inclusion of large rural areas within city administrative jurisdiction, and not solely by the natural increase of the existing urban population and rural-urban migration. Since experts engage in heated debates about what the most meaningful figures are for the urban population proportion at any point in time, we will be content here with these “ballpark” urban population estimates.

[xxvii] Villages that had successful business enterprises could tax the profits of such businesses to meet these local expenses, thus reducing the need to dun village families with extra fees. Since such enterprises were concentrated in China’s coastal provinces, the burden problem seems to have been most severe in interior provinces.

[xxviii] During the Mao era there was some emphasis on development of rural industry. However, the goal of such village factories was to meet rural needs for cement, farm tools, fertilizer, and other agriculture-related products, not to produce for domestic or foreign markets or to augment village incomes. As such the employment and other impacts of the village factories were limited prior to the reform era.

[xxix] One special category of very rich villages has developed in recent times, referred to as “urban villages.” These are rural communities that have been swallowed up by expanding cities, and in the process they have been able to negotiate highly advantageous financial arrangements for turning over their land for development by city or private developer use. Through these arrangements

members of the village retain their claims to the land and receive regular payments (essentially rent) that are often so lucrative that the villagers can live on them without engaging in any labor themselves. Members of this new “peasant rentier” class differ from the vast bulk of China’s villagers and migrants in rejecting offers to change their household registration status from agricultural to non-agricultural, for to do so would forfeit their claims to their land and thus to these rent payments.

[xxx] The effort to reduce the rural tax and fee burden already has had considerable impact, according to the data in a national survey I directed in China in 2004. About 70% of the rural respondents in that survey replied that there had been some or substantial reduction in the taxes and fees they paid compared with three years earlier.

[xxxii] The dibao system is a very modest minimum income program in which the urban poor receive cash subsidies from local governments.

[xxxiii] However, as of 2009 urban incomes were still growing faster than rural incomes on average, with the urban-rural income ratio increasing to 3.33 to 1 according to official figures, the highest level since 1978. See Fu 2010.

[xxxiiii] The other editors involved received administrative rebukes. After he was sacked, Zhang remained unrepentant. In an article explaining how the joint editorial came about, he concluded, “I have a firm conviction that legislation that disregards the dignity and freedom of the people will ultimately land in the rubbish heap of history. I hope that this system will ultimately be abolished. When the time comes I believe that many people will burst into tears from happiness and run around spreading the news.” (Zhang 2010).

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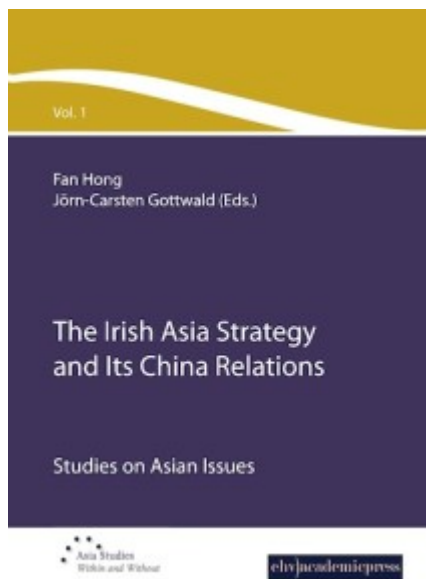
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Chapter 4: Towards A Creative China - Education in China ~ The Irish Asia Strategy and Its China Relations



I. Introduction

This paper discusses creativity and independent thinking in Chinese culture and education. Though focusing on China, it also poses the deeper pedagogical and philosophical question of how to make people creative. The question is something of an oxymoron. For it would seem that in the process of making others creative, the actively creative agent is the one who makes them so, and the outcome, namely the creative student, a passive creation. In fact, the oxymoron reveals an illuminating point. We most probably cannot make others creative. We can only enable them to make themselves creative or facilitate their enhanced creativity. In order to become creative, one must make oneself so.

Creativity is therefore not something to be taught, and in many cases, teaching may even reduce creativity. From the moment of their birth, human beings display a most tangible kind of creativity by inventing, entirely on their own, ways to interact with their surroundings. But then many unlearn their inventiveness through the systematic standardisation of our schooling system - they learn how not to be creative. This is far from being a problem restricted to China but is present in all places presiding over a institutionalised school curriculum.

Institutionalisation and standardisation contain the danger of excessive concentration of the uniform structure per se at the expense of generating diversified outcomes to which the structure should be conducive. Thus, ever since creativity and independent thinking began to be considered desirable traits in the West a few centuries ago, they have been and still are among the most consistent conundrums of the various Western education systems.

But in contemporary China, it seems, the problem is particularly pressing. Chinese educators, entrepreneurs, parents and even the odd politician worry in particular about the inability of the Chinese education system to produce creative and independent thinkers. Among these, many believe that without such characteristics, China's future capacity to maintain economic growth and a continually stronger position in global politics will be endangered. There is certainly a strong element of truth in this, as will be discussed in the following, but I also argue that the concentration tends to start on the wrong end, to be, so to speak, on the "wrong" kind of creativity, a kind that can be sustained only with great difficulty if a deeper, more underlying kind of creativity is not fostered as a basis.

Before proceeding further in this analysis, some of the vocabulary applied in these pages require clarification. For "creativity" is far from being a self-explanatory concept. Rather, how it should be defined and understood has for a long time been and is still being discussed and debated in various academic, artistic and other circles.

II. Understanding Chinese Creativity

The meaning of creativity depends largely on certain cultural assumptions that may not always be entirely known to us. Different cultures may rest upon a metaphysics or cosmology that engenders divergent conceptions of creativity. In Western culture, while certainly containing divergent views of creativity, the dominant understanding can be traced back to the Judeo-Christian notion, influenced by classical Greek philosophy, of *creatio ex nihilo*, creation from nothing, according to which God created the world out of the great void. This fundamental understanding of the world as a "personal creation" seems to have had an impact upon virtually all later conceptions of creativity in the Western (Christian) world. To be creative has been regarded as a production of some thing, idea or design out of nothing but one's own selfhood. It has to emanate from there, for otherwise it would tend to be considered an insincere act of copying or plagiarism, or a "mere" rearranging of something that already exists. Creativity is necessarily tied to the mysteries of the self and its spontaneous faculty of imagination. **[i]** Creativity consists, by definition, in originality.

Just as Western metaphysics is fundamental for coming to an understanding of Western notions of creativity, comparable Chinese notions rest upon Chinese views of the world. Traditional Chinese metaphysics, however, travels its own

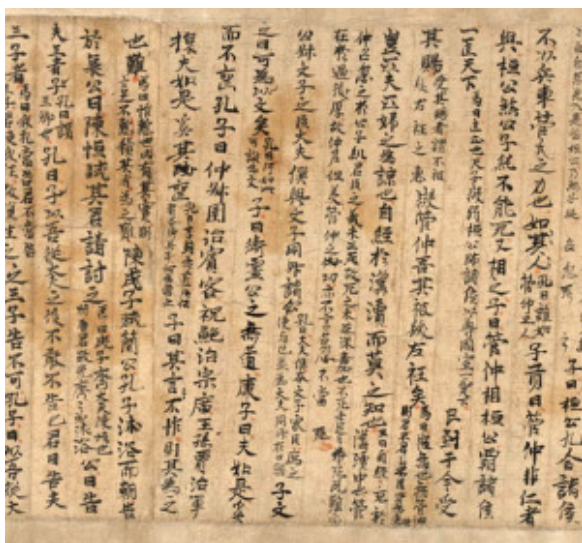
path. In Chinese views of the world, cosmogony, while certainly existing, has never played a prominent role. In other words, how the world originally came into existence has not had a bearing on the way in which the world is understood. **[ii]** The classical Chinese worldview is that of wanwu 万物, literally “ten thousand beings” or simply “all the things that exist”. The wanwu is in a continuous state of flux, that is to say, it is continuously arranging and rearranging itself according to tendencies inherent in the self-engendering (ziran 自然) process illustrated through the interaction of yin 阴 and yang 阳. Where the wanwu originally came from, or whether it originally came from anywhere at all, is not really an issue. In such a world, creativity is not an act through which something new is generated out of nothing (or the self), but one through which an advantageous or productive configuration is achieved of a certain field within the wanwu on which one happens to be currently focusing. **[iii]** From this point of view, creativity consists in making use of what one has in the best possible way, in making the most of one’s circumstances.

Both ancient Chinese thought and contemporary practice exemplify this sort of creativity. The Classic of Changes (Yijing 易经) and the Classic of the Way and the Virtue (Daodejing 道德经) portray the world as a holistic process in which its components are continuously transformed. Even the well known section 42 in the latter, often interpreted as expressing some sort of cosmogony, conveys precisely this continuity of the world process: 道生一，一生二，二生三，三生万物. **[iv]** What it does not say here is that the way “originally” created the one, the one two, and so on, but that this is an ongoing process in which one thing gradually gives rise to the multiplicity of all things in the world. The way is not a creator, but rather the ongoing world process itself according to which things both come into existence and cease to exist.

Seeking to adopt practice in conformity with the workings of the ten thousand things, the Daoists present the most manifest example of a continuously transformative human living. In the Daoist classic, the Zhuangzi 庄子, we are told of the sages who preserve their own “constancy” within the flow of things by changing along with them in their continuous flux. **[v]** Being “constant” in this sense does not imply being static or stagnant; in fact, quite to the contrary. By continually reconfiguring their stance vis-à-vis previously unencountered circumstances, the sages are capable of handling them in a productive and effective manner. While this feature of Daoism is hardly debatable, one may ask

whether anything comparable applies to Confucianism, which, after all, had the greatest influence on Chinese education.

Confucianism is commonly regarded as a philosophy of static or even reactionary tendencies that resists creative adaptations. But this is a highly misleading image derived from the state of the Confucian philosophy at the end of the last Chinese dynasty, the Qing. As is well known, Confucius certainly stated that he was simply a transmitter of past wisdom, but not an innovator. **[vi]** While often taken as evidence of the conservative spirit of the teachings of Confucius, this statement appears, however, merely to exemplify Confucius's own modesty as well as his respect for the cultural tradition. For the aim is not a mere preservation. Confucius is also to have said that "learning without reflection results in confusion, reflection without learning results in peril." **[vii]** While the latter part of this statement refers to irresponsible and narrow speculation without considering overall consequences, the first part is a clear disapproval of mere preservationism. The character wang 罔, translated above as "confusion," can also mean "disorientation," and, in fact, Zhang Weizhong, a commentator of the Confucian Analects, explains it as "disorientation that leads to nothing." **[viii]** Evidently, those who simply stick to old methods and norms without reflecting on how to adapt them to new situations are unlikely to be successful in their efforts. They will effect nothing. In the Zhongyong 中庸, Confucius is reported to have said that those who are "born into the present age and yet return to ways [dao] of the past will cause themselves misfortunes." **[ix]**



An ancient script of Confucius' Analects.

In the Analects, moreover, Confucius says that “one who realises the new by reviewing the old can be called a proper teacher.” **[x]** Confucius thus emphasises the importance of re-evaluating the tradition. Tradition is surely of vital importance as a foundation for proper behavior, but it should not dictate it in a dogmatic manner. Instead, proper behavior should be formulated with regard to a critical re-examination of the tradition itself. **[xi]** The most concrete form of such an examination entails personalisation of the values and practices that constitute it, for new situations continuously call for new responses within the framework of its paradigms. Such responses, when thoughtful, take into consideration the relevant values and past practices belonging to the tradition. However, it is up to the agents as concrete persons to reinterpret the significance and meaning of these values and practices by constantly adapting and re-adapting them to the current circumstances. “Proper behavior” is therefore not only proper in the sense of conforming to traditional values and practices □ it is also “proper” in the sense of being the manifestation of personal “appropriation” of the tradition as such. By responsibly continuing the tradition, persons make it their own; make it “proper” to them. **[xii]** And, obviously, this can be done in a multiplicity of ways. Openness is guaranteed through the virtual infinity of diverse personal character-traits. Confucius would therefore surely agree with the communitarian philosopher Alasdair MacIntyre’s argument that “[t]raditions, when vital, embody continuities of conflict.” **[xiii]** The point is not to return to the ancient ways, or the ancient tradition. The Confucian junzi zhi dao 君子之道, the way of “refined,” “cultivated” or “edified” persons, **[xiv]** the ideal human way within the way of the world, refers precisely to the endeavor to continue forging the path that constitutes the tradition, to continue making the tradition, for otherwise it is not tradition (chuantong 传统) but dogmatic orthodoxy (zhengtong 正统) - tradition that has been ossified. **[xv]**

Throughout the history of China, Confucianism operated and even approached itself in such manner. The Confucian classics were interpreted and reinterpreted with regard to the needs of the day. Thus, when writing commentaries to these texts, there was, at least up to the late Ming dynasty, a conspicuous absence of an attempt to to explain the text in question by getting to its “original” and “only true” meaning. Instead, the dialogue was continued in such a way that the ideas expressed in the texts evoked the commentators’ own ideas and inspired them to

elaborate them further. The French sinologist François Jullien puts it in such a way that “the commentaries have not set themselves up as hermeneutics. Instead of interpreting, they elucidate.” **[xvi]**

Recent scholarship on the historicity of Confucianism has expressed similar views. For example, Chun-chieh Huang (Huang Junjie) says, speaking of the neo-Confucians’ reading of the Mencius: “During the prolonged dialogues back and forth among [Zhu Xi] and his disciples we never find them regarding the Mencius as an objective text unrelated to their personal lives. They all blended their life experiences into their various readings of the Mencius.” **[xvii]** Not surprisingly, this constant elaboration of the classics has also resulted in a confusion as to how to characterise Confucianism in general without specifying particular perspectives, periods or even thinkers. It would, indeed, seem more appropriate to approach Confucianism as a temporal-specific, non-essentialisable kind (or indeed, kinds) of philosophy, which, through human intervention and creative interpretation, was (or were) in a process of constant change and adaptation to the particular historical circumstances. **[xviii]** It is not so much that such an approach prompts us to question whether we can speak of Confucianism as a consistent school of thought; it rather compels us to be more careful when applying labels of demarcation to any streams of thought in Chinese culture, since their open-endedness and flexibility appear as an almost “universal” hallmark. **[xix]**

An indication of an explanation of this peculiarity consists in the Chinese approach to tradition. A good case in point is the Song-dynasty philosopher Lu Jiuyuan (also known under his literary name Lu Xiangshan). Lu perhaps more explicitly than others formulated the nature of this interaction when he said that just as “the six classics interpret me, I interpret the six classics” (六经注我，我注六经). **[xx]** Just as we condition cultural artefacts by interpreting them, we are equally conditioned by those very artefacts. All in all, it is also I who interpret the six classics and thereby continue forging the ongoing cultural narrative, forging the “way” ahead. Confucius formulated perhaps the most powerful expression of this attitude or approach to the world when he said: “It is the human being who broadens the way, not the way that broadens the human being” (人能弘道，非道弘人). **[xxi]** Whether we understand the “way” (道) as a human construction, as “teachings” or “culture,” or as a cosmological propensity of the world, Confucius is reminding us that we, as living, thinking and acting human individuals, must

not allow ourselves to be entirely conditioned by the way as it is at any given time. We should not submit unconditionally to tradition nor to the natural forces, but are instead responsible for its elaboration and/or creative adaptation to the present circumstances: to interpret, to understand, is simultaneously to develop and to create. Novelty emerges from new arrangements of present configurations.

Two main tendencies characterising classical Chinese creativity can be derived from this. First, it endeavours to rearrange what is already present with regard to present circumstances, and secondly, it reaches out to the past in order to extend the present towards the future. An effort to create something new out of “nothing” is, for the most part, absent.

This tendency has also been identified in contemporary Chinese practice, though undeniably with somewhat condescending or humble overtones, depending on where it comes from. Western sceptics have expressed the view that there is no need to fear competition of Chinese technology, since “China is all broth and no noodle.”**[xxii]** Scientific breakthroughs are beyond China, they say, due to its “shortage of national champions and its dependence on foreign technology.”**[xxiii]** Conversely, the Chinese themselves seem to overlook their creative potency. A giant Chinese company such as Huawei humbly considers a truly original and simplifying modification of its mobile-phone base-stations as “merely an improvement in engineering processes” instead of real innovation worthy of the name.**[xxiv]** Analysts have noted that the strength of Chinese technology “lies in ‘trolling’ through existing technologies and components, and combining them in new ways.”**[xxv]** A good example is Haier, as told by Donald Sull at London Business School: “Haier’s repairmen found that rural customers used their washing machines to clean vegetables, as well as clothes. Its response was to widen the drainpipes that might clog with the peels.” **[xxvi]** Besides the adaptative response on Haier’s end in this particular case, the creative use of the washing machines by the “rural customers” should not be overlooked.

III. Teaching Creativity in China

Given that the Confucian philosophy approaches existence in such a personalised, creative way as described above, it would clearly have to be capable of conveying that way to those who aspire to learn it. In other words, it must preside over an applicable teaching method if it is not to be a mere armchair philosophy. And indeed, the early Confucians offer us two kinds of teaching method, the verbal and the performative. From the ways in which these are carried out one can see

the complementarity and connection between them. “Verbal method” refers to teaching through dialogue. In the Chinese tradition, dialogue is broadly conceived as a continuous process of elucidation in which the teacher is meant to inspire the student to come up with his or her own elaborations of the original ideas. Thus, in such a dialogue, a “teacher” could also be understood as a text and the “student” the reader and interpreter of that text. This partly accounts for the long scholarly tradition of writing commentaries to canonical texts as discussed above.

The major part of the Confucian Analects is a particularly conspicuous example of the priority of incitement over dictation. This accounts for the virtually infinite richness drawn from it by Chinese commentators of the Analects for the last two and a half millennia, but, interestingly, also for its general failure to leave an impression on Westerners who tend to be disappointed by its lack of theoretical argumentation and “rational” systematisation. This is not merely a question of comprehension. For the Master, when responding to the questions posed by his disciples, tends to perplex not only his readers but also his own disciples by being extremely laconic and vague. The clear expression of their perplexity in the Analects is certainly not without significance. Moreover, many of his answers also appear to be mere platitudes or tautologies, and he often responds differently to the same question on different occasions.



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There are some passages, however, where Confucius provides a hint of an explanation, or at least a rationale, for his own method. For example: “If, when showing [the students] one corner and they do not return with the other three, I

do not repeat myself.” **[xxvii]** Confucius’s ideal students are those who elaborate on his vague “sketches” and succeed in depicting a whole picture. On one occasion he discusses some sayings with his disciple Zigong who subsequently illustrates the Master’s answer with an appropriate quote from the *Book of Odes* (Shijing 诗经). Confucius responds to Zigong’s performance by praising him for being able to infer what could follow from the point he himself made initially. **[xxviii]** I say could follow, for, as will be clear, Confucius is not fishing for one particular answer; the “other three corners” are not already fixed in their concealment and need merely be discovered. Confucius is not just a master of riddles. Nor is it the otherwise perfectly valid and valuable point, important in Plato’s *Meno* and common in contemporary pedagogic theory, that by making the students go through the entire process for realising the answer one will help them acquire a better and fuller understanding of the issue than if one simply told them the answer. The method of “hinting” certainly serves the purpose of inciting the students to reflect on the issue and develop their own understanding of it. But the key point consists precisely in “their own understanding,” or, more appropriately, considering the practical nature of understanding in Chinese thought, “realisation.”

This can be seen from another *Analects* passage, where Confucius asks Zigong to compare himself with the prodigy-student, Yan Hui. Zigong responds: “How could I dare comparing myself with Yan Hui! On learning one thing he realizes ten. I myself, on learning one thing, realize the second.” Confucius says: “You are not his match. Neither I nor you are his match.” **[xix]** In his translation of this passage, James Legge provides an illuminating elaboration on its fuller meaning. The Chinese character for “ten” (shi 十), by representing the four cardinal directions as well as the centre, is also associated with completion or entirety. **[xxx]** Thus Legge translates as: Hui “hears one point and knows all about the subject.” The implication of this passage, as François Jullien has noted, is that “the slightest indication bears fruit in” Yan Hui and that he can develop the lesson to the end on his own. On the other hand, when Zigong learns something, he can also complete it, but remains “limited by a successive progress, which is flatly deductive, without rising to universality.” **[xxxx]** Yan Hui’s superior ability consists in perceiving the opportunities and possibilities for development proceeding from the initial point. This interpretation is further supported by Confucius’s comment at the end, that neither he nor Zigong is Yan Hui’s match. Confucius perceives Yan Hui’s productivity or creativity as being superior to his

own.

In the section on learning in the ancient *Book of Rites* (Liji 礼记), this hinting-method is spelled out even more clearly: When junzi 君子 have realized the sources for successful teaching, as well as the sources that make it of no effect, they are capable of teaching others. Thus, when junzi teach, they lead and do not herd, they motivate and do not discourage, initiate but do not proceed to the end. Leading without herding results in harmony; motivating and not discouraging results in ease; initiating without proceeding to the end results in reflection. Harmony, ease and reflection characterize efficient teaching. ... Good singers induce people to carry on developing the tunes. Good teachers induce people to carry on developing the ideas. Their words are few but

efficient, plain but outstanding, with few illustrations but instructive. Thus they are said to carry on developing the ideas. **[xxxiii]** That good teachers “initiate but do not proceed to the end” means that they only hint at the path, but do not spell it out in detail. If they proceed to the end, they are dictating, or, indeed, indoctrinating, but not teaching. Although students initially acquire modes of action from within the parameters of the tradition, it is imperative that they be given sufficient leeway to refine and realise their own personalised modes, because tradition’s main evolutionary drive consists precisely in such modes. Thus, if the teachers also “proceed to the end,” they obstruct this evolution and prevent the tradition from growing. Put in another way: the path, instead of continuing, will only lead back to the starting point.

The Confucian philosophy of education is therefore in accordance with the general Confucian concentration on practical action over speculation. In fact, it would be difficult to see how that could not be the case. If the purpose of education is to enhance knowledge and wisdom, and, in turn, knowledge and wisdom are understood principally as the ability to handle affairs efficiently, then education will largely revolve around ways in which how best to enable the student to develop skills to manage real affairs. Thus, a performative mode of education, a mode in which the student gains first-hand experience, is emphasised even more than the verbal mode. After all, as it says in the *Records of Learning* (Xueji 学记), a chapter of the Rites: “Teaching is [only] the half of learning” (xue xue ban 学学半). **[xxiv]** The point of Confucius’s vague incitements is to make the disciples ponder his words, develop their own understanding, and then act on that understanding. Understanding (zhi 智) must lead to action (xing

行).

For this reason, education is to a significant part left to the students themselves. It is only through self-education or self-cultivation (xiushen 修身) that we may hope that individuals keep developing and adapting society to the always unpredictable forces of circumstances. To go back to the problem posed at the beginning of this paper, it is in this sense that they make themselves creative. The task of teachers is merely to stimulate students to search for appropriate ways to figure out or handle their respective subject-matter. If the teachers dictate answers, they prevent a natural evolution of approaches to the constantly changing circumstances. They teach orthodoxy but do not maintain, that is to say, carry further, tradition.

Now obviously this contradicts the received image of Confucianism, and in Chinese history one finds many instances of Confucian teaching methods that, apparently, refute this interpretation. This is true enough and rests upon some problematic aspects of the Confucian philosophy of education. First of all, the method cannot be based on something of a “blueprint” as it must constantly adapt itself to both subject-matter and learner. And secondly, not everyone is able to master it, perhaps even only a few, while any given society requires a large number of teachers. These problems are characteristic of ambitious philosophical ideas, and ones that most, if not all, philosophies have to deal with when successful. And undeniably, Confucianism’s official status in the Chinese empire brought it towards ossification.

Nevertheless, it appears that until the latter half of the sixteenth century, Confucianism’s drive as “creative traditionalism” enjoyed, for the most part, considerable success in the dynasties in which had a strong foothold, most notably the Han, Tang and Song dynasties. The civil service examination system, originally initiated under Emperor Wu of the Eastern Han dynasty, had its weaknesses and limitations, and was subject to manipulation by the wealthy and powerful, but it still contributed to a modestly successful meritocratic hierarchy that probably reached its zenith during the Song dynasty.

After the Song, however, the system seems to have lost its dynamic qualities. The evolution of Confucian scholarship during the Ming and Qing dynasties is a fascinating but immensely complicated topic involving a number of various social and philosophical factors, on which only a few summarising comments can be

offered here.

While in many ways understandable that the early Confucian focus was on society and social stability in the dire conditions under which it was produced and developed, it should have been a stimulant for other foci in different circumstances, i.e. in times of relative peace. Instead, when economic and social factors underwent enormous changes that would have required certain responses from political leaders, it failed to produce these responses. One reason is of course the long-standing Confucian lack of interest in, even contempt for, commercial affairs and economic profit. But the divide between, on the one hand, an idealised form of government and organisation and a fast changing reality, on the other, further contributed to China's stagnation during and after the Ming dynasty. Helplessly facing an administration largely in the hands of corrupt eunuchs of the inner court who despised the educated class, the Confucians at the end of the Ming turned their attention away from the present and future evolution of society, and inward into the past, towards a pedantic, dogmatic and reactionary view of ritual and correct behaviour.

During the Qing, Confucian scholars found themselves in an even more complicated dilemma. They had, just like the Qing emperors, repudiated the idealist philosophy initiated by Wang Yangming for stimulating the selfishness and moral corruption that brought down the dynasty. **[xxv]** However, they were also incapable of sharing the foreign Manchu rulers' adoration of Song neo-Confucianism orthodoxy. And lastly, the Manchu emperors exerted rigorous control over scholarship in order to avoid the publication of anti-foreign writings as well as potentially revolutionary activities. Not many options seemed available. The way most scholars found out of this dilemma led them in fact further back, all the way to the original Confucianism of the Zhou dynasty through Han dynasty sources, whereby they also introduced a rigorous methodology of textual criticism, the so-called "evidential research" (kaozheng xue 考证学). Unfortunately, this revival of the antiquity did not produce a revival of Chinese culture comparable to the revival enjoyed in the West following the rediscovery of classical texts during the renaissance. "Evidential research" involved a disapproval of speculation and demand for "hard facts", which may sound as a form of scientific empiricism, but which gradually narrowed itself down to a rigorous and rather obscure textual analysis, such that many a group of scholars was "...so rigid in its view of the ancient commentaries of the Eastern Han as to

preach that ‘the ancient teachings cannot be revised’ and one can only ‘maintain conformity to the family statutes of the Hans.’” [xxxvi] Seeking their own identity in the classical sources, the tendency of Ming-Qing Confucianism was towards a further reification of the Confucian practices, including, of course, education and its “ingrained” innovative force. Needless to say, the education system suffered in a comparable manner. It is therefore fair to say that from the Qing dynasty onwards, long before the civil service examination were abolished and Confucianism officially denounced in the twentieth century, Confucianism ceased to be a creative catalyst in Chinese educational practices.



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Nevertheless, education never lost its preponderant position in Chinese culture, and the twentieth century saw many reforms and experiments to construct a modern education system on a non-Confucian basis - with debatable results. Primary and secondary education in the PRC today is not very likely to stimulate independent thinking and creativity. The most important reason is that the education process revolves de facto around tests, in particular the gaokao or the college entrance examination, that, much as the imperial examinations of the past, is (or at least is held to be) the decisive factor for the quality of life that the person will enjoy. Therefore, parents have their children begin preparing for this examination at a very early stage. As one would expect, the one-child policy has merely exacerbated this tendency.

Lii Haibo, editor of Beijing Review, puts it in the following manner:

In primary and secondary schools throughout the country, examination-oriented education still prevails, although both parents and educators have realized it hurts students' personalities, including the ability to think independently. In such an education system, students, including those prodigies, are trained to believe

that their brains function mainly as a storage center. They are required to remember as much as they can. They are overloaded by heaps of homework. They don't have enough time to play, sleep or do anything they like to do.

I once asked a senior high school boy, "Have you ever believed your brain to be a magic box?" "What do you mean?" he asked. "I mean you can be a great scientist like Einstein, if you use your head as a source of new ideas." He told me that he didn't need new ideas. All he wanted was to remember his teachers' ideas and the textbooks. I understood that. Because the reality tells him that's what an excellent student is all about. [xxxvii]

Another educator, Li Junjie, says, in a similar manner, that "...elementary and middle schools emphasize filling students' brains with information, but ignore their moral, physical, and aesthetic dimensions. Teaching methods are directed toward pouring information into students, and not to the development of thinking skills, personal character, and creativity. In this model of teaching, students are treated like empty cups, and not surprisingly many psychological problems have been reported. In short, 'education for taking exams' has become a barrier to the development of education in China." [xxxviii] Considering this situation, especially with regard to China's new role in the world order, it is not surprising that Chinese teachers and at least low-level authorities in China have displayed considerable interest in alternative pedagogies. [xxxix]

An interesting example of such pedagogies is the "Philosophy for Children" programme, which was first developed in the 1970s by Matthew Lipman, a professor of philosophy at Montclair State University in the United States. This programme aims at enhancing students' critical and cognitive skills, creativity, concentration, sense of community, motivation for independent inquiry, and so on, by engaging them in philosophical discussion that focuses on students' initiatives in asking questions and discussing topics in which they themselves take genuine interest. [xl] In a session of philosophy for children, the teacher is merely a facilitator. He or she does not tell the children what to talk about or what is true or not, but only leads the discussion and tries to make sure that it reaches some philosophical depth.

The programme has been enormously successful around the world and is active at some level everywhere in Europe, in North- and South-America and in many places in Asia. It has aroused quite some interest in those places where it has been introduced in the People's Republic of China, and the methods have partly

been adapted by Chinese teachers to be applied for teaching an even wider range of subjects.**[xli]** One of these places is Jiaozuo City in the province of Henan. Teachers in Jiaozuo got acquainted with the programme already in 1995 through exchanges with the University of Hawaii at Manoa, where philosophy for children has been practised since the 1980s. The Jiaozuo teachers saw in the programme an opportunity to improve education in China, and during the following years sought to apply it in their own work.

However, this turned out to be particularly difficult. In a normal philosophy for children class, everyone sits in a circle on the floor, facing each other, listening to and participating in the discussion. But in a class of at least sixty and sometimes up to eighty students, this is obviously impossible. A further problem was simply time. The teachers' curriculum in China is overloaded with material to be covered, which made it difficult for them to find time to conduct open-ended discussions of topics for which the students would not be tested.**[xlii]**

But the teachers refused to give up. They thought of ways to adapt the programme to their circumstances. After several years of experimentation, they came up with the so-called "Elicitation Inquiry Style Teaching Method" (qifa tanjiu shi jiaoxue fa 启发探究式教学法). Instead of restricting the subject-matter to philosophy, teachers have been using this method in various subjects, mathematics, art, science, literature and others. The method encourages students to raise questions, to engage in small group discussions, and to think for themselves about possible solutions. In a manner similar to the Philosophy for Children programme, it challenges them to seek out clarification, reasons, implications, and assumptions, as well as to reflect on their own thinking.**[xliii]**

In this way, teachers found that they could adopt the inquisitive spirit of philosophy for children and at the same time work with large classes of sixty or more students. The experiment has enjoyed considerable success. In the year 2000, twenty-one schools in Jiaozuo participated in a trial of the method, and in the following year, both Jiaozuo's Municipal Education Committee and its Institute of Education Research recommended that all schools in Jiaozuo adopt the Elicitation Inquiry method in their classrooms.**[xliv]** The fact that Chinese educators should be willing to adopt such an alien teaching method, one that Lipman developed on the basis of the pedagogic philosophy of the great American educator, John Dewey, might cause some people to raise an eyebrow. But considering the teaching methods suggested in classical Confucianism as

discussed above, the main gist, or rather, “spirit”, of the method applied in the *Philosophy for Children* programme is remarkably familiar to the Chinese cultural tradition.

The psychological and pedagogical similarity between the methods of the *Philosophy for Children* program and the Confucian methods suggested in the *Book of Rites* and elsewhere are not only intriguing but also provide reasons for being hopeful. In contrast to the dominant teaching methods in the current Chinese education system, both emphasise that the teacher “lead but do not herd, motivate and do not discourage, initiate but do not proceed to the end.”

Moreover, an ideal facilitator in a session of Philosophy for Children ought to be a kind of Confucius, hinting and indicating without purporting to provide final answers, thus stimulating the students to reflect on the problem on their own. Apparently, some forms and aspects of Confucianism are now on the rise in China, and the ancient classics have been introduced to Chinese classrooms again after decades of banishment. One would hope that the creative-enhancing elements of these writings will gradually be revived and utilised. Further research on Confucian pedagogic theory and its applicability to the present could prove to be of immense value in this regard. By comparing and even fusing it with contemporary methods, such as those developed in the *Philosophy for Children* programme, one might be better able to extract some of its practical features. It would certainly be an interesting turn of events if the contemporary Chinese found the way to their ancient cultural heritage through a foreign teaching. One should, however, not forget that this foreign teaching is inspired by the educational philosophy of John Dewey, who, in turn, was much influenced by Chinese thought while he resided in China between 1919 and 1921. Perhaps the similarity is not that surprising after all.

IV. Concluding Remarks: Reflecting Without Learning?

The long-standing Confucian disposition to downplay economic issues has clearly been overcome in the PRC. In fact, such considerations receive more attention than anything else. The perceived need for China to “modernise”, meaning: attain technological superiority, is the main drive behind current economic reforms. Creativity is understood first and foremost as scientific and technological innovation. Whilst moral or character education in the People’s Republic has been promoted by all higher educational institutions in later years, the obstacles due to ideology and methodological codification are not easily overcome. **[xlv]**

First of all, the promoted values tend to be ones that seem to serve the interests of the authorities, which by now is obvious not only to teachers but also to students themselves. Secondly, the usual “inculcation” method for transmitting these values, using exemplary individuals and models of morality, such as Lei Feng, is so heavy handed that it “has rendered the public and even school children cynical.”**[xliii]** Thirdly, character education seems to be thought of as measures to bring about social stability in order to enhance creativity in the domains of science and technology. Consider the remarks of Li Lanqing, former Vice Premier and a major proponent of the current educational reforms in the PRC:

*Schools are expected to provide an intellectual education while placing more emphasis on moral education and advancing physical and aesthetic education, as well as work skills and social practice so that these fields may become integrated and achieve balanced development for our students. Unless these issues are addressed, efforts to improve the overall quality of students will be affected, and education as a whole will fall short of the demands of the 21st century for economic, scientific and technological development and social progress.***[xlvi]**

With such an attitude to education, the Chinese authorities may be putting the cart before the horse. Confucius, while fully aware of all the practical consequences of a harmonious society, understood that learning, education and morality must, in order to be effective, be practised for its own sake, and not merely for the sake of reaching some distant aims. To learn and practise what one has learnt is in itself a source of human joy, as he famously states in the opening passage of the Analects. **[xlvii]** A truly creative society that stimulates meaningful learning and innovation for its own sake and lays just as much emphasis on humanities and arts as on science and technology is sure to yield creative results in the latter fields from within. Critics of higher education policies in the People’s Republic have pointed out that the “overwhelming policy emphasis on higher education as an instrument of economic success tends to ignore the discourse of the ideas of modern university” and have cast serious doubts upon “the change of university as a social institution to university as a market-oriented enterprise”.**[xlviii]**

There is every reason to be wary of imposing such roles on the education system. In lectures given in 1933, the Spanish philosopher José Ortega y Gasset criticised the modern attitude to education as vocational specialisation. He deplored the

inherent lack of passion in the Western educational system, whereby students are made learn things for which they did not feel any need. This, he said, has produced a culture of knowledge that does not concern us in our daily life any more, a culture of apathetic specialists, a culture utterly alienated from the knowledge of that which constitutes the good life: *This culture, which does not have any root structure in man, a culture which does not spring from him spontaneously, lacks any native and indigenous values, this is something imposed, extrinsic, strange, foreign, an unintelligible, in short, it is unreal. Underneath this culture □ received but not truly assimilated □ man will remain intact as he was; that is to say, he will remain uncultured, a barbarian. When the process of knowing was shorter, more elemental, and more organic, it came closer to being felt by the common man who then assimilated it, recreated it, and revitalized it within himself. This explains the colossal paradox of these decades □ that an enormous progress in terms of culture should have produced a man of the type we now have, a man indisputably more barbarous than was the man of a hundred years ago; and that this acculturation, this accumulation of culture, should produce □ paradoxically but automatically □ humanity's return to barbarism.* [xlix]

When these words were uttered, at the dawn of the arguably most gruesome and barbarous period in history during which fascist and ultranationalist ideologies exhibited their fierce contempt for human life and dignity in many parts of the world, Ortega y Gasset could hardly have realised just how true they were. The more alienated from their knowledge, the less the knowers are capable of critiquing the value of that knowledge, and are consequently more easily manipulable in the name of some ideology. *"The solution,"* Ortega y Gasset continues, *does not consist of decreeing that one not study, but of a deep reform of that human activity called studying and, hence, of the student's being. In order to achieve this, one must turn teaching completely around and say that primarily and fundamentally teaching is only the teaching of a need for the science and not the teaching of the science itself whose need the student does not feel.* [I]

These words echo the position of John Dewey who never tired of pointing out the importance of integrating education and personal experience so that the students realise the purpose of learning and are then able to appropriate and apply that which they learn for the sake of contributing to the continuity of meaningful human living. [ii] There is much to indicate that such mode of thinking is at most peripheral in the modern educational system in most of the industrialised world,

and perhaps in particular in the People's Republic. Vocational education and specialisation, of course, yield tangible results. After graduation from school, a student finds an occupation and produces, in most cases, measurable goods, at least in terms of income-tax. The fruits of character or moral education, of a developed sense or judgment, on the other hand, are intangible, immeasurable and thus statistically non-presentable. Moreover, it may very well be that keeping people technically specialised without a developed faculty of judgement serves certain purposes. Referring to what he calls "the banking concept of education," in which students passively receive, memorise and repeat the "deposits" made by the teacher, Paulo Freire, in his classic *Pedagogy of the Oppressed*, argues that it is a dominant tendency among educators to regulate the way the world "enters into" the students. The teacher's task is to organize a process which already occurs spontaneously, to "fill" the students by making deposits of information which he or she considers to constitute true knowledge. And since people "receive" the world as passive entities, education should make them more passive still, and adapt them to the world. The educated individual is the adapted person, because he or she is better "fit" for the world.

Translated into practice, this concept is well suited to the purposes of the oppressors, whose tranquility rests on how well people fit the world the oppressors have created, and how little they question it. **[lii]** Freire's position, in fact, has much in common with the Confucian view of education as a process of creative socialisation and thus enhanced humanisation. Education is conceived as a mode of transformation in which persons perceive themselves as not merely being in a world, but with it and with others. They are re-creators and not merely spectators. **[liii]** Whilst the importance of tradition is certainly underscored in the Confucian philosophy, it mainly serves to guide the evolving personalities on their paths towards improving and integrating their environment. Confucianism is, or could be, a revolutionary philosophy, but it is revolutionary in that the revolution, the re-creation, is continuous and never comes to an end.

The talent required for such an ongoing task is far from being limited to scientists or other specialists, but should be held of every single member of society. A truly successful society must be based on the inherent value and meaningfulness of communal living as well as the willingness to continually and creatively adapt its individual fields to changing circumstances for the sake of a dynamic integration of its members. It is to this that creativity and innovation, whether in science,

technology, economics or in the moral sphere, ought to be conducive. Otherwise, to speak with Confucius, it may very well degenerate into “reflection without learning” that, eventually, “results in peril”.

NOTES

[i] Probably the most influential Western theory of the imagination’s free, i.e. disinterested, presentation of an external object to the inner subject is the one presented by Immanuel Kant in his *Kritik der Urteilskraft* . Kants Werke, vol. V (Berlin: Walter de Gruyter, 1968), e.g. §1, 204.

[ii] Cf. David L. Hall and Roger T. Ames, who argue that the “classical Chinese are primarily acosmotic thinkers,” that is to say, “do not depend in the majority of their speculations upon either the notion that the totality of things (wan-wu 万物 or wan-you 万有 , “the ten thousand things”) has a radical beginning, or that these things constitute a single-ordered world.” *Anticipating China. Thinking Through the Narratives of Chinese and Western Culture* (Albany: State University of New York Press, 1995), 184.

[iii] Hall and Ames have suggested the notion of a contextual “focus-field” order to characterise Chinese ways to continually arrange and rearrange the immediate surroundings. Cf. *Anticipating China* , pp. 268.

[iv] See e.g. *Tao Te Ching* , transl. D.C. Lau, 2nd edition (Hong Kong: The Chinese University Press, 1989). Lau displays brilliance by producing a deliberately vague translation of this passage: “The way begets one; one begets two; two begets three; three begets the myriad creatures.” In their interesting translation, Ames and Hall are somewhat more radical: “Way-making (dao) gives rise to continuity, Continuity gives rise to difference, Difference gives rise to plurality, And plurality gives rise to the manifold of everything that is happening (wanwu).” *Dao De Jing. Making This Life Significant* , transl. Roger T. Ames and David L. Hall (New York: Ballantine Books, 2003).

[v] Zhuangzi . *A Concordance to Chuang Tzu* . Harvard-Yenching Institute Sinological Index Series. Supplement no. 20 (Cambridge: Harvard University Press, 1956), 60/22/78.

[vi] Lunyu . *A Concordance to the Analects of Confucius* . Harvard-Yenching Institute Sinological Index Series. Supplement no. 16 (Taipei: Chinese Materials and Research Aids Service Center, Inc., 1966), 7.1.

[vii] Lunyu , 2.15.

[viii] Lunyu zhijie , 12.

[ix] Liji. *A Concordance to the Liji* . Ed. D.C. Lau and Chen Fong Ching (Hong

Kong: Commercial Press, 1992), 32.28/146/26-7; Liji zhijie , annot. Ren Pingzhi (Hangzhou: Zhejiang wenyi chubanshe, 2000), 448.

[x] Lunyu , 2.11

[xi] Cf. Lin Li, “The Difficulties of Importing the Western Idea of Human Rights into China □ A Jurisprudential Approach,” in Chinese Ethics in a Global Context. Moral Bases of Contemporary Societies , ed. Karl-Heinz Pohl and Anselm W. Müller (Leiden: Brill, 2002), 321.

[xii] The root of the word “appropriate” is the Latin proprius , meaning “one’s own.” In Confucian thought, it is the character yi 义 that expresses this complex thought of appropriateness. Cf. David L. Hall and Roger T. Ames, Thinking Through Confucius (Albany: State University of New York Press), 105.

[xiii] Alasdair MacIntyre, After Virtue. A Study in Moral Theory , 2nd ed. (Notre Dame: University of Notre Dame Press, 1984), 222.

[xiv] The traditional English translation of junzi 君子 is “gentleman,” which, however, due to its unfortunate sexism, is unacceptable. As the characters for junzi imply, it signifies a lord, and is in fact synonymous with “lord” or “nobleman.” But it is a prescriptive term indicating the moral, cognitive and affective qualities that a true lord ought to possess. The junzi is thus Confucius’s consummate person, someone who has become noble and refined through self-cultivation and learning. In recent years, a multitude of translations have been proposed for this difficult term, none of which, in my opinion, catches the original junzi . I therefore leave it untranslated.

[xv] Cf. a fascinating discussion of the views of Zhou Zuoren 周作人 on tradition and its role in the New Culture Movement, a view that to my mind exemplifies the natural Chinese propensity to a creative adaptation of the emergent configuration of things. Xudong Zhang, “A Radical Hermeneutics of Chinese Literary Tradition: On Zhou Zuoren’s Zhongguo xinwenxue de yuanliu ”, in Classics and Interpretations: The Hermeneutic Traditions in Chinese Culture , ed. Ching-I Tu (New Brunswick and London: Transaction Publishers, 2000), 430ff.

[xvi] François Jullien, Detour and Access. Strategies of Meaning in China and Greece , trans. Sophie Hawkes (New York: Zone Books, 2000), 274.

[xvii] Chun-chieh Huang, Mencian Hermeneutics. A History of Interpretations in China (New Brunswick/London: Transaction Publishers, 2001), 258.

[xviii] Kai-wing Chow, On-cho Ng, and John B. Henderson, eds., Imagining Boundaries: Changing Confucian Doctrines, Texts, and Hermeneutics (Albany: State University of New York Press, 1999).

[xix] As one might guess, such a creative ongoing interpretation and

reinterpretation did not always take place in reality. In fact, the very notion of a single Confucian tradition with a stable set of ideas, values, and texts has itself been one of the strategies employed by Confucians, and today especially by scholars writing about the tradition and its historical development. In ancient times, for example in the Han and in the Song dynasties, such a strategy aimed at implementing institutionalisation, requiring codification of the teachings. The continuous hermeneutic transformation of the Confucian texts and doctrines generated “the constant need to canonize and legitimize texts and ideas, that is, to fix a boundary to establish a sense of stable authority. This imposed finality is, of course, fictive, and all canonical traditions are ephemeral.” Ibid, 2.

[xx] Lu Jiuyuan, *Xiangshan yulu* (Jinan: Shandong youyi chubanshe, 2000), 24. This resonates rather interestingly with the French philosopher’s Jacques Derrida’s insistence that “pure perception” does not exist: “we are written only as we write, by the agency within us which always keeps watch over perception.” Jacques Derrida, *L’écriture et la différence* (Paris: Éditions du Seuil, 1967), 335.

[xxi] Lunyu , 15.29.

[xxii] “Old parts, but a new whole,” *The Economist* , November 10th -16th 2007, 12.

[xxiii] “Old parts, but a new whole,”12.

[xxiv] “Old parts, but a new whole,”12.

[xxv] “Old parts, but a new whole,”12.

[xxvi] “Old parts, but a new whole,”12.

[xxvii] Lunyu , 7.8.

[xxviii] Lunyu , 1.15.

[xxix] Lunyu , 5.9.

[xxx] This association is stated quite explicitly in the Han dynasty lexicon *Shuowen jiezi*.

[xxxi] François Jullien, *Detour and Access. Strategies of Meaning in China and Greece* , trans. Sophie Hawkes (New York: Zone Books, 2000), 202.

[xxxii] “Records of Learning” (“Xueji” 学记) chapter of the *Liji* , 18.6-7/97/10-12 and 15-17.

[xxxiii] Following Ren Pingzhi in *Liji zhijie* (Hangzhou: Zhejiang wenyi chubanshe, 2000), 288.

[xxxiv] Jonathan Spence, *The Search for Modern China* , 2nd edition (New York and London: W.W. Norton & Company, 1999), 102f.

[xxxv] Zhu Weizheng, *Coming Out of the Middle Ages* , transl. Ruth Hayhoe (Armonk and London: M.E. Sharpe, Inc., 1990), 126.

[xxxvi] Lii Haibo, "Why Hasn't China Reaped Scientific Nobel Prizes?", *Beijing Review* 47:43 (2004), 48.

[xxxvii] Li Junjie, "America's Philosophy for Children Teaching Method and the Development of Children's Character", *Thinking. The Journal of the Philosophy for Children* 17:1-2 (2004), 41.

[xxxviii] Cf. Michael Agelasto and Bob Adamson, "Editors' Conclusion □ The State of Chinese Higher Education Today," in *Higher Education in Post-Mao China*, ed. Michael Agelasto and Bob Adamson (Hong Kong: Hong Kong University Press, 1998), 407ff.

[xxxix] For a concise overview giving a good indication of the "spirit" of the Philosophy for Children program, see Thomas E. Jackson, "Philosophy for Children Hawaiian Style 'On Not Being in a Rush...'," *Thinking. The Journal of Philosophy for Children* 17:1 & 2 (2004).

[xl] Cf. Andrew Colvin, "Expanding the Circle of Inquiry: Introducing Philosophy for Children in the People's Republic of China," *Thinking. The Journal of Philosophy for Children* 17:1 & 2 (2004), 38f

[xli] Cf. Colvin, 38.

[xlii] Colvin, 39.

[xliii] Colvin, 39.

[xliv] Wang Yongquan and Li Manli, "The Concept of General Education in Chinese Higher Education," in *Knowledge Across Cultures: A Contribution to Dialogue Among Civilizations*, ed. Ruth Hayhoe and Julia Pan (Hong Kong: Comparative Education Research Centre, The University of Hong Kong, 2001), 319.

[xlv] John N. Hawkins, Zhou Nanzhao, and Julie Lee, "China: Balancing the Collective and the Individual," in *Values Education for Dynamic Societies: Individualism or Collectivism*, ed. William K. Cummings, Maria Teresa Tatto, and John Hawkins (Hong Kong: Comparative Education Research Centre, The University of Hong Kong, 2001), 203.

[xlvi] Li Lanqing, *Education for 1.3 Billion - Former Chinese Vice Premier Li Lanqing On 10 Years of Education Reform and Development* (Beijing and Hong Kong: Foreign Language Teaching & Research Press and Pearson Education, 2005), 313. *Italics mine.*

[xlvii] Lunyu, 1.1.

[xlviii] Jushan Zhao and Junying Guo, "The Restructuring of China's Higher Education: an experience for market economy and knowledge economy", *Educational Philosophy and Theory* 34:2 (2002), 217.

[xlix] José Ortega y Gasset, *Some Lessons in Metaphysics*, trans. Mildred Adams (New York: W.W. Norton & Company, Inc., 1969), 23f.

[l] Ortega y Gasset, 25.

[li] Cf. John Dewey, *Experience and Education* (New York: Simon & Schuster, 1938), e.g. 25ff.; John Dewey, *Democracy and Education. An Introduction to the Philosophy of Education* (New York: The Free Press, 1944), 1ff.

[lii] Paolo Freire, *Pedagogy of the Oppressed*, trans. Myra Bergman Ramon (New York: Continuum International, 1970), 76.

[liii] Freire, 75.

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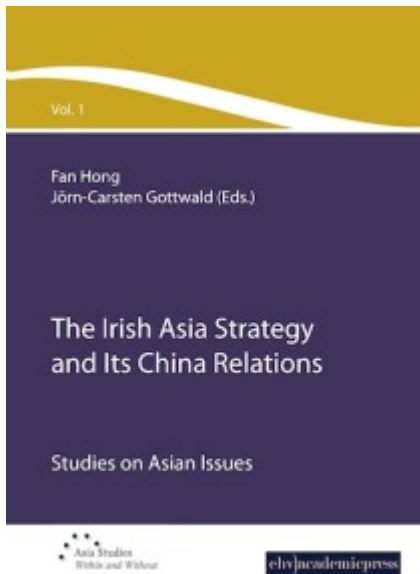
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Chapter 5: Creating an Asia Strategy ~ The Irish Asia Strategy and Its China Relations



5.1 Introduction - the Context

The emergence of the Asian economies as major economic forces over the past two decades has been nothing short of remarkable. Indeed China alone has enjoyed average annual growth rates in excess of 9% over the past twenty years to become the sixth largest economy in the world in terms of GDP and the second largest trading nation. India too has been achieving similar growth rates in recent years and is currently the world's twelfth ranking economy in terms of GDP. The phenomenon has been such as to lead some commentators to dub the twenty-first century as the 'Century of Asia'. This growing economic power brings with it an increasing ability to shape and influence political and economic developments throughout the world.

From an Irish perspective it is important in its own right that we should seek to foster strong political relations with these countries and this region. From an economic perspective, the emergence of these economies presents an important opportunity for Ireland. Success in international markets has been at the core of our economic development and will be the driving force for our long-term economic growth.

This then was the background which helped shape thinking about Irish/Asian relationships. Other key issues which helped focus attention on the Asian region included:

- The very high level of sophistication, both in terms of their production methods and their products, being achieved by the more advanced Asian economies. That sophistication presented clear opportunities for Irish companies, especially in the high-tech sectors, both in terms of sales and in partnerships/investment relationships.
- The performance of the Asian economies over previous years and, in particular, the manner in which they recovered from the crises of 1997-1998, reaffirmed the importance of this region to global commerce.
- Average growth since 1990 had been substantial in many Asian economies, most notably China, India, Malaysia, Singapore, Korea and Vietnam. Indeed the term devised to describe this growth, the '*Asian Tiger*', was subsequently adapted to

designate Ireland's strong economic growth as the '*Celtic Tiger*'. Industrial growth had been phenomenal. The growth in services has also been impressive, reflecting greater productive specialisation as well as higher personal incomes.

5.2 Background to Irish Trade Development

The background to Irish trade development is that since the 1960's, when Ireland's trade was mostly with the UK (at one stage accounting for 75% of our exports), the Irish Government has endeavoured to support a diversification of our exports and develop new markets, both to expand the level of exports overall and to avoid over-dependence on any single area. The success of this policy, driven by strong levels of inward foreign direct investment, a benign enterprise environment, the development of the Single Market, and other appropriate framework conditions, has led to the current position (2007) where some 60% of our exports go to EU countries, the USA is our single largest export market (about 20%) and our exports to Britain are now down to just under 20%. Nevertheless, despite this more balanced position, there is an imperative for our companies and enterprises to continually seek out new markets and be aware of regions of the world which are showing strong growth conditions. With increasing globalisation, expanded membership of the World Trade Organisation (WTO), the success of the WTO in lowering tariffs worldwide and cheaper transport costs, more distant markets require an increased level of attention and support so as to capture the opportunities they present.

5.3 The Emergence of the Asia Strategy

There was a realisation that there was a need to bring focus and coherence to both Government and private sector endeavour to strengthen political and economic relationships with Asia. The actual catalyst for the development of an 'Asia Strategy', as such, derived from the visit by the Taoiseach, Mr. Bertie Ahern TD and other delegates, to China in 1998. It was considered that such a strategy would establish a formal context in which the public and private sectors could work cooperatively to realise the economic and other benefits that deeper political and economic linkages with Asian countries can confer. Following a wide-ranging consultation with both public and private bodies, the '*Asia Strategy 1999 to 2004*' was developed and adopted. Its aims were to increase the proportion of Irish exports going to Asia, exploring new opportunities in a fast developing part of the world and developing partnerships and investment in the region.

The Strategy set out a series of challenging targets and objectives for the first five

years (1999 -2004) of what was envisaged to be a ten year programme. An essential starting point was the initiation of an extensive campaign of raising awareness of Ireland with key decision makers in Asia. This awareness campaign included the preparation of publications and information material, more inward and outward visits (including Trade Missions) and the expansion of diplomatic activities. In addition, specific targets were set for export expansion and increasing the level of Irish company activity in the region.

5.4 The Indigenous Sector and the Role of Enterprise Ireland

Government trade policy has for many years focussed on assisting the indigenous i.e. Irish owned firms to develop their export potential, as they are less well able to develop new export markets than multinational companies, who are considered to have sufficient resources to develop their own exporting activities. In pursuance of this policy, the development agency *Enterprise Ireland*, was established in 1998 in a consolidation of various State development agencies. This agency works to accelerate the development of world-class Irish companies to achieve strong positions in global markets. A significant area of its activity is to help companies achieve export sales and it took over the role on trade promotion from the former Irish Trade Board. Enterprise Ireland has over 30 offices overseas and, as an agency of the Department of Enterprise, Trade and Employment, is the key body to implement the Department's Trade agenda, including the Asia Strategy. The work of Enterprise Ireland was therefore considered crucial in supporting Irish indigenous companies make a breakthrough into Asian markets in pursuit of the aims of the Asia Strategy. By 2004 Enterprise Ireland (EI) had established offices in Shanghai, Beijing, Hong Kong, Guangzhou, Kuala Lumpur, Singapore, Seoul and Tokyo. They also operated in other locations in Asia as the commercial section of an Embassy or Consulate. In all cases, the level of coordination and communication between diplomatic missions and the State's trade promotion agencies - particularly Enterprise Ireland - is of the highest standard.

5.5 Role of Irish Embassies Abroad

Embassies also play a vital role abroad in enhancing both political and economic relations. They are the eyes and ears in their country of accreditation, the interface with the local administration, and key network facilitators and door-openers for enterprises seeking to do business in those countries. They coordinate very closely with the economic promotional agencies within the region to develop

plans for the development of foreign earnings and they use their own resources to build on the efforts of the agencies where appropriate. Without the support of the Embassy in many countries it would be very difficult to gain appropriate access for trade missions and visiting official delegations seeking to enhance economic relations. Embassy officials establish significant commercial contacts in their work. The Embassies' wider role in the development of relations - at political and cultural levels, for instance - also contributes to the awareness of Ireland in Asia at the economic level. Their engagement in the development and implementation of the strategy is indispensable.

5.6 Progress during the First Phase

During the period 1999 - 2004 the various tasks as set out in the strategy document were pursued vigorously and a review of progress was undertaken in 2004. The outcome can be summarised as follows:

Awareness Raising

Extensive work has been undertaken to raise awareness of Ireland among key economic and political decision-makers in Asia and a total of € 2 million was expended for this purpose. Financial and logistical support was given for visits to Ireland by key media personnel and others, with roles in informing opinion and relaying information in Asia. A wide range of publications was produced by various bodies. In addition, exhibitions and conferences were supported. As well as the direct involvement by state bodies, some of these initiatives were undertaken (with State funding) by organisations such as IBEC, the Irish Exporters Association, the Chambers of Commerce in Ireland and the Educational group MEI-RELSA. Progress was also made in the development of long-term institutional arrangements between representative Irish business organisations and their counterparts in Asian countries.

High Level outward visits

- In 2000 the then Tánaiste and Minister for Enterprise, Trade and Employment, Ms. Mary Harney TD, led a multi-sectoral trade mission to China with 51 participating companies.
- A trade mission to Japan was organised in 2001 with 50 companies; a major education exhibition was held in China with 21 participants the same year.
- An education and software mission to India in 2002 with 20 participants was led by Minister of State Mr. Michael Ahern TD.
- The then largest ever trade mission to China was led by President McAleese in

2003 with 84 companies participating; and a first ever trade mission to Vietnam was organised in the same year.

- In late 2004, then Taoiseach Bertie Ahern paid an official visit to Vietnam (the first visit of an Irish Taoiseach to Vietnam). Over the course of his trip he also paid official visits to Malaysia, Singapore and Bahrain.

- A multi-sectoral trade mission, led by then Minister for Enterprise Trade and Employment, Mr. Mícheál Martin TD, visited Korea and Japan in mid-November 2004. Over 40 companies participated in this first ever trade mission to Korea.

Inward visits

- A number of inward visits were arranged by Enterprise Ireland from the region, with over 60 delegations at official and business level visiting Ireland. The majority of these have come from China and, overall this level of activity is evidence of the growing profile Ireland enjoys in the region as a whole.

- Significant political highlights over the course of the first phase of the Asia Strategy programme included a visits Premiers Zhu Rongji and Wen Jiabao.

Progress on Trade

From a bilateral trade development perspective, the following advances have been achieved:

- In the course of the Asia Strategy 1999 to 2004, trade exports have increased from € 3.6 billion to about € 6 billion to the region as a whole.

- Total exports to Asian countries from indigenous Irish companies are estimated at € 321 million in 2003, an increase of about 15% on the 1997 level.

- Exports to China increased dramatically - annual export growth averaged around 20% between 1997 and 2003.

- The resource commitment that Irish companies are making to the region has manifested itself through the increasing numbers that have established a market presence there, as against making occasional visits. Market based presence of Irish owned companies had increased from 46 in 1999 to 93 in 2003.

- Since the inception of the Asia Strategy, diplomatic representation in the region was increased by the allocation of additional diplomats to the Embassies in Tokyo and Beijing, the opening of an Embassy in Singapore and the opening of a Consulate in Shanghai.

5.7 Next Phase of the Strategy

Given the progress which was made and the potential still to be realised, it was recognised that there was a need to further build on these achievements by

extending and adapting the strategy, as necessary, for a further five years i.e. 2005 - 2009.

On the basis that Asia is a huge geographic area with widely differing population densities and economic characteristics, it was recognised, in terms of optimum deployment of resources, that there would have to be some selectivity in terms of the focus of the strategy. Eight countries in particular were chosen viz. China, India, Japan, South Korea, Malaysia, Singapore, Indonesia and Vietnam. This is not to the exclusion of developing business and trade relationships with other emerging economies in the region, in particular, Thailand and the Philippines, as opportunities present themselves.

A focussed second phase of the strategy for these eight countries to cover the period 2005 - 2009 was drawn up and launched by then Taoiseach Mr. Bertie Ahern, TD, and then Minister for Enterprise Trade Employment, Mr. Mícheál Martin TD, in April 2005. This strategy sets out a number of key objectives, the most significant being a target for the value of goods exports to the priority countries to reach € 9 billion by 2009.

Some of the significant other targets are as follows:

- Make progress on the legal and other issues involved in Ireland joining the Asia Development Bank (ADB)[i].
- Education targets to 2009 - 17,000 incoming students from the priority countries, including Malaysia (2,500), China (>5,000), India (4,000), Korea (1,000).
- Initiate a three year tourism development programme in China.
- Tourism target - 150,000 from all Asia.
- Goals of increasing dairy products sales and the establishment and expansion of trade in pigmeat, beef, food ingredients and alcoholic drinks to Asia.
- Goal of attaining agricultural products sales of € 390 million to Asia by 2009.
- Increase the profile of Ireland as a supplier of quality food and drink.
- Increase the exports of seafood and related products to Asia.
- Pursue Enterprise Ireland's target of establishing 215 Irish companies in Asia by 2009 and, in addition, actively market educational services.
- Continue the programme of structured high-level visits to the region, which help to deepen relations at a political level and raise Ireland's profile.
- Continue our programme of targeted visits by journalists from the region.
- Synergies with Culture Ireland in relation to the Asia strategy.
- Increase and diversify college- to- college links and cooperative arrangements.

- Progress on implementation of the report on the Internationalisation of Irish Education Services.
- Develop a focussed Graduate placement programme.
- Reinforce progress of collaboration between Science Foundation Ireland and counterpart Asian organisations.

The strategy is being monitored by a High Level Oversight Group. It is chaired by myself, as Secretary General of the Department of Enterprise, Trade and Employment. Other members include a small number of Departmental/Agency representatives and some specialists from the private sector. The group held its first meeting in late 2005 and has met regularly since.

5.8 Progress in First Two Years of the Second Phase of Asia Strategy (2005 - 2007)

5.8.1 Overall Export Target

The core objective of the Asia Strategy 2005-2009 is to develop relationships between Governments, business organisations and Irish and Asian peoples generally. This is in support of the central focus on increasing the value of Irish goods exports to priority countries to € 9 billion by 2009.

Merchandise exports to the priority countries have remained relatively unchanged and stood at € 5.87 bn in 2006. The trend is that the level of these exports has remained fairly static. On the other hand the volume of Services exports to Asia have grown at an exponential rate. As a result, service exports to the eight priority countries increased from € 1.2 bn to € 2.6 bn between 2004 and 2005 and in respect of the entire Asia region from € 2.4bn to € 3.4 bn in the same period.

5.8.2 Trade Missions

The January 2005 Trade Mission to China, led by then Taoiseach Bertie Ahern and accompanied by then Minister for Enterprise, Trade and Employment, Mr. Micheál Martin TD; then Minister for Agriculture Ms. Mary Coughlan TD; then Minister for Education and Science Ms. Mary Hanafin TD and then Minister for Communications, Marine and Natural Resources, Mr. Noel Dempsey TD, was the largest in the history of the state to date. The mission, which visited Beijing, Shanghai and Hong Kong involved a total of 121 Irish companies and educational institutions, primarily involved in the ICT, Educational Services, Environmental and Engineering Services, Medical Devices and Food and Drinks sectors. A wide range of events and activities were organised by Enterprise Ireland. A total of 41

contract singing ceremonies were organised and the value of these contracts totalled € 125m. Exports to China increased by 42% in 2005 from € 639m the previous year.

A successful Trade Mission to India was organised in January 2006, led by the Taoiseach and accompanied by three Government Ministers. Eighty five businesses took part, including some from Northern Ireland. Exports to India increased by 18% between 2005 and 2006. Then Minister for Enterprise Trade and Employment, Mícheál Martin, T.D., led a Trade Mission to Japan in June 2006. Since the Minister's earlier visit to that country in 2004, indigenous exports to Japan had increased by 13%, numbers of Irish companies with offices in Japan had increased from 24 to 32 and numbers employed by Irish companies in Japan had more than doubled.

Later in 2006, the Minister of State for Trade and Commerce, Mr. Michael Ahern TD led a Trade Mission to China.

5.8.3 Enterprise Ireland Activities in the Region

Significant progress has been made by EI towards achieving the target of having 215 Irish companies active in the Asia Strategy region by 2009, with a total of 210 currently, up from 112 in 2004.

During 2006, EI organised a total of 46 events to promote exports to the various Asian markets. The number of EI offices in the region has now risen to 10, with the opening of a new office in New Delhi, India (announced during the Taoiseach-led Trade Mission in 2006).

5.8.4 Educational Objectives

The promotion of Irish Educational Services abroad, i.e. attracting foreign students to study in Irish Educational establishments, is a key contributor to Foreign Earnings and represents the export of a service, just as the export of software or financial systems represents the export of a service. The sale of such educational places abroad is a growing category of our Services Trade.

Enterprise Ireland devotes considerable effort to attracting these students to Ireland and the Asian market shows particular promise. Enterprise Ireland is now working with the major Universities, the Institutes of Technology and the independent colleges, in foreign markets. A number of universities and colleges have established direct linkages with Asian counterparts. Some examples are the Royal College of Surgeons in Ireland (RCSI)/Penang Medical College in Malaysia, University College Cork/Shanghai University, Dublin Institute of

Technology/Fudan University and University of Limerick/ University in Hangzhou, China.

A large number of missions and events are organised by EI to promote education. Countries visited include Malaysia, Singapore, Vietnam, Japan, Korea, China, India, Pakistan and Thailand. There are now just over 7,500 students from the Asia Strategy Region enrolled in the third level sector in Ireland - 49% of the total number of non-EU international students. The number of students has grown by over 85% since the academic year 2002/2003. The target for 2009 is 17,000.

Arrangements are in train to establish 'Education Ireland' as a company, with a view to its being set up on a statutory basis within 12 months. This was a key recommendation of the Internationalisation of Irish Educational Services report, published by the Department of Education and Science and that Department is finalising the necessary process. The report highlights the opportunities for this sector and identifies the strategies to be adopted in ensuring that adequate systems and procedures are put in place to make Ireland a competitive and attractive location for quality educational services. This new body will be a central agency to coordinate policy development and advise the Minister for Education and Science on policy for the development of international education and to be responsible for the promotion of Ireland as a centre of educational excellence. Setting up the new organisation will involve the bringing together of two existing bodies, International Education Board Ireland (IEBI) and the Advisory Council for English Language Schools (ACELS). It is therefore intended to put the management and regulation of this sector on a sound footing, with a single agency to coordinate policy, have responsibility for the award of Quality Mark and manage the operation of a code of conduct and the certification of the English as a Foreign Language (EFL) schools. Primary legislation to set up Education Ireland on a statutory basis will be enacted in due course. Science Foundation Ireland has established formal active collaborative arrangements with both China and India.

5.8.5 Food /Drink and Tourism

In relation to the goal of increasing food and drink sales, these rose 21% in 2005 to € 294m and by a further 10% to about € 325m in 2006. (The 2009 target is € 390m and therefore very likely to be achieved). Bord Bia has committed extra resources to the Asian market, has carried out country-specific research and is opening a full time office in Shanghai.

A Tourism target of 150,000 visitors from all of Asia by 2009 was set. In 2006, we attracted 19,700 visitors from Japan and 81,200 for the rest of Asia and Middle

East combined.

5.8.6 *Other Initiatives*

Ireland has continued its active role in encouraging trade and other links with Asia, across the range of multilateral fora, including at EU level and in the World Trade Organisation. Working holiday visa arrangements have been negotiated with several of the countries in the region.

The legislation to facilitate Ireland joining the Asia Development Bank was enacted and the necessary administrative arrangements were made (by Department of Finance), for Ireland to formally join. This process should facilitate Irish companies in securing contracts funded by the Bank in the region.

A considerable number of Irish Business and Alumni Associations have been established in the region. Other, less high profile, targets on Academic/Educational links are being progressed. In June 2006 a successful session of the Irish-Chinese Joint Commission was held under the auspices of the Department of Enterprise, Trade and Employment, with its counterpart Ministry in Beijing. This Joint Commission is a bilateral forum that meets every two years, with the objective of developing closer links and of resolving any trade related difficulties between the two countries. Several issues that arose in the discussions are being progressed on an ongoing basis.

In March 2007, the first Ireland-China International Software Conference was hosted in Dublin. The two day event, organised by the Department of Enterprise Trade and Employment, in association with Enterprise Ireland, brought together 80 Irish and 23 Chinese companies. A range of 'one to one' company meetings, to encourage linkages and partnering, was arranged and relevant visits to Software and Educational facilities were organised for the Chinese delegation.

5.8.7 *Department of Foreign Affairs Activities*

The Department of Foreign Affairs and its Embassies/Consulates in the Asian region have been active in cooperation with government departments and state agencies to support and implement the Asia Strategy. An important part of this work has been the organisation of high-level inward and outward visits. Awareness raising activities, supported by that Department's Asia Strategy funds, have included an internship exchange programme and a number of TV and print media visits. Activities in the educational area included a significant sectoral study, support for third level institutional linkages and the development of Irish studies in prestigious universities. A key part of the work of missions in the region

is the important interaction and representation with economic ministries, where the development of Irish economic interests with respective countries are discussed and advanced. In accordance with the Government's decision, an Embassy was established in Vietnam, with secondary accreditation to Laos and Cambodia. The embassy in Hanoi has been active in promoting Irish trade and investment in the region and has also a crucial role in administering Ireland's Development Aid programme.

5.9 Conclusion

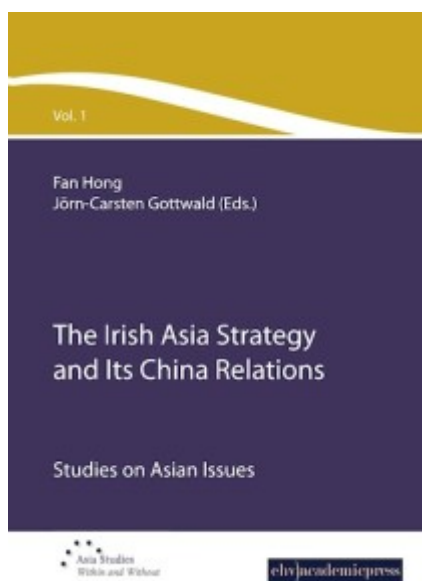
The core objective of the Asia Strategy 2005-2009 - the development of relationships at political, economic, trade, educational and other policy fields, in support of Irish trade to the priority countries - continues to be implemented in a rigorous and coherent manner. As a result of a strong commitment on the part of all stakeholders, and the resultant extent of engagement with the priority countries and other countries in the Asian region, Irish exports into key markets have continued to increase and all other indicators are very positive. In particular, the growth of service exports to Asia has been excellent and individual targets for Enterprise Ireland activities, on food exports, educational initiatives and some other fields are progressing very well. It is considered that the impact of Trade Missions to the region is very beneficial and it is hoped that further high profile missions will be organised in future years.

We can look at this entire Asia Strategy process with a reasonable sense of achievement. We have now arrived at a stage, still with two years to go, where Asia is significantly higher in all our consciousness and Irish businesses are much more active in the region. Various linkages and initiatives have progressed very well and considerable political and business gains have been made. We look forward to continued growth and progress towards the ambitious aims of the Strategy.

NOTE

[i] Advantages deriving from membership of the Asia Development Bank can include opportunities for Irish companies and consultants to tender for projects funded by the Asian Development Bank.

Chapter 6: Irish-Chinese Political and Economic Relations - An Overview ~ The Irish Asia Strategy and Its China Relations



This chapter provides a summary background to current relations between the Republic of Ireland [Ireland] and the People’s Republic of China [PRC]. Subsequent chapters will deal with certain issues in greater depth but it is useful here to provide a quick tour through the development of Sino-Irish bilateral relations. The leading theme behind this overview is to highlight the more important principles behind current bilateral relations and the resources needed to develop these relations in a positive manner to the benefit of both nations. The first section will deal with contacts before the founding of the PRC and Ireland

to offer a flavour of early historical connections between the two lands. Then in chronological order selected developments are described bringing us to present day government policy.

6.1 Pre-1949 Relations

Historically there has been little in the way of ‘national’ relations between Ireland and China due to terms of geographic distance and the resources and political realities of Ireland before the declaration of the Irish Republic. However there have been some notable individuals from Ireland involved with China. George Macartney [1737-1806] acted as Ambassador for the first British mission in 1793 to open up trade between the British and Chinese empires. From County Antrim of Scottish descent, Macartney has been widely though perhaps incorrectly blamed for failing to open trade with China by refusing to *kowtow***[i]** to the Qianlong (乾隆) Emperor. Sir G.W. Staunton [1781 - 1859] served as ‘page to the

Ambassador' accompanying his father a Galway man to China, both serving under the Macartney mission. The younger Staunton, having studied Chinese, is said to have been the only member of the British Embassy able to converse in Chinese and read Chinese characters. Staunton was one of the original founders together with H.T. Colebrook and others of the *Royal Asiatic Society*. Trade did flourish after more successful missions with items such as tea, china, and fabric making it to Ireland.

The extensive Asian cultural treasures at the *Chester Beatty Library* in Dublin were gifted to the Irish people by Chester Beatty [1875 - 1968] an American who was made the first honorary Irishman in 1957. From his childhood, Beatty developed a fascination with artefacts from the orient and Beatty collected many works and items of interest from Asian cultures including Chinese artefacts that are now on display at the library.

Ireland, from her struggle towards independence had some recognition in China amongst its revolutionaries and activists, especially for an Eamon de Valera speech at the League of Nations in 1932 admonishing Japan's incursions on Chinese sovereignty. Mao Zedong is said to have once held celebrations in Ruijin[**ii**] on the 7th November 1931 to mark the founding of the *Chinese Soviet Republic*[**iii**] (中华苏维埃共和国) at which "there were drums and firecrackers and skits, one with a 'British imperialist' driving before him prisoners in chains labelled 'India' and 'Ireland'" [**iv**].

During this period, social upheaval (with the Communists, the warlords, and the Kuomintang, each trying to preserve and gain power) saw danger for missionaries, many of whom were Irish. One such priest was the Very Reverend Fr. Cornelius Tierney of Co. Monaghan, who went to China as part of the Maynooth mission serving in Kien Chang district of Jianxi Province. Reports in the Irish papers of the time relay how when he rang the bells for mass on a morning in November 1930 'Chinese Communist Bandits' who had entered the village, headed to the church and took Fr. Tierney hostage demanding a ransom of 10,000 Mexican dollars[**v**] for his return. The group charging the ransom were held to be the same group who had killed another Irish priest Rev. Timothy Leonard from Limerick, the previous year. Fr. Tierney was to die on or around March 5th 1931 from illness despite diplomatic attempts by the British Legation in China.

Possibly the first high level contact in official capacity by an Irish politician was

Eamon de Valera's meeting with Zou Taofen[**vi**] [1895 - 1944] on December 4th 1933. At the meeting Zou praised the Irish Independence movement whilst de Valera impressed upon him the need for the Chinese to maintain tight organisation and strive for a social revolution.[**vii**] One other early Irish connection with China is the early Chinese nuclear program. This project was led by Peng Huan Wu, (彭桓武), [1915 - 2007] who in 1941 had attended the *Dublin Institute of Advance Studies* founded one year earlier by de Valera.

6.2 Post-1949 Relations

6.2.1 United Nation's Seat For the People's Republic of China

In 1949, de Valera oversaw the formal establishment of Ireland as a Republic. The same year saw Mao Zedong declare the foundation of the Peoples' Republic of China [PRC] on October 1st. With the League of Nations dismissed after World War Two and its responsibilities handed over to the United Nations [UN] under guidance of Irishman Séan Lester as its final Secretary General, Ireland had to wait to until 1955 to join due to Soviet Union veto. When Ireland finally became a member of the UN the Republic of China [RoC] was already a member as one of the founding nations. Thus Ireland recognised the government of the RoC as sole legitimate representative of the Chinese people at the United Nations to the exclusion of the PRC. The PRC government however sought to gain a seat at the United Nations which led to many tense negotiations amongst members of the UN. The United States led the Western block in trying to keep the PRC excluded.

Three principles established by Liam Cosgrave[**viii**] for Irish foreign policy during this period argued for acting in the preservation of Christian civilisation, observing the charters of the United Nations and maintaining independence and sovereignty in foreign policy decisions. The latter implies that foreign policy decisions are made apart and aside from other influences outside of the other two principles. This resulted in the Irish government taking an independent line from the USA led Western bloc at the UN to take a position in favour of discussion of admitting the PRC to the UN. That Ireland would vote in such a manner as a Catholic, non-communist, non Afro-Asian country led to disbelief of those nations who felt they were guaranteed support from smaller newer member-nations like Ireland. From Dáil debates going back to the 1960s, it can be seen that the Irish government was concerned about the communist government of the PRC internationally dominating the favoured democratic government of the RoC, but reasoned that in such bodies as the United Nations it was necessary to ensure the

participation of those nations

'of whose policies we strongly disapprove and the philosophy of whose rulers is abhorrent to our people... if the United Nations is to become what we would like it to be, namely, an effective shield for world peace, then clearly it must comprise countries of that character'. [ix]

The governments' decision to eventually recognise the Communist government in Beijing was further reasoned along the following lines: both Chinese governments claimed to be the one true government and claimed equal territories, to ignore the larger mainland government meant disallowing *de facto* representation of approximately 500 million individuals at the U.N. in favour of 12 million individuals represented by the RoC. [x] In addition, the emergence of the PRC as a nuclear power during the 1960s was cause to argue for the communist government's inclusion for both the benefits and the necessity of having a nuclear power as a member of the world body mandated to build peace.

The People's Republic of China was eventually admitted to the U.N., on October 25th 1971, when the rising number of independent African states was such that it became much harder for the U.S. to maintain the Western-dominated majority to continue refusing admission. The U.S. therefore decided to change their position to one of in favour and subsequently the RoC was no longer attendant at the UN in representation of China. Ireland's independent foreign policy stance at the UN resulted in the Irish vote being actively sought after as opposed to a passively accepted one. It also led to Ireland being grouped with so-called 'fire-brigade' nations that served to rally consensus in difficult negotiations at the UN. [xi]

6.2.2 Diplomatic Relations With The PRC

Ireland voted in favour of PRC membership of the U.N. supplanting the People's Republic of China in 1971 but still did not open diplomatic bilateral relations with the PRC. It was not until after Ireland's membership of the European Economic Community [EEC] was formalised in 1973, that Dublin established diplomatic relations with the Beijing government in 1979. The EEC had established diplomatic relations with Beijing four years earlier. Ireland and China then exchanged ambassadors in 1980. The *One China policy* [xii] Ireland has adopted prevents official political relations with Taiwan; however this is not to say that Ireland does not have good relations with the Taiwanese under economic, educational, and cultural headings.

The issue of Taiwan surfaces occasionally between Oireachtas members despite the government continually reaffirming its adherence to the One-China principle. On the 8th of February 2008, asked if he would make a statement on his departments' non-recognition of Taiwan the Minister for Foreign Affairs Dermot Ahern replied that in common with the majority of UN members Ireland recognises the People's Republic of China as the sole legitimate government of China and that Taiwan's official status is as a Province of China, but equally stresses the importance of harmonious cross-China straits relationships between Taiwan and China. The Minister concluded his statement by saying;

'The economic relationship and interdependence between the China and Taiwan is expected to expand and deepen in the coming years... It is to be hoped that these economic relationships will help ease political tensions across the China Straits in the longer-term.' [xiii]

This is an example of Ireland aligning with EU policy in the formation of its own foreign policy, hoping that increased trade and interdependence will facilitate the peaceable solution of the tensions between China and Taiwan.

6.3 Contemporary Relations

The meteoric rise of China as an economic power has been nothing short of remarkable considering the historical backdrop and political culture of the Chinese authorities. As China's economy gains momentum we have witnessed a tremendous growth in the presence and importance of China not just in global affairs but in European and Irish affairs. Ireland as a trade-dependent nation expresses economic concerns where possible, and when necessary, in its foreign policy. Globalisation and bilateral trade did not inevitably lead to the evident cordial political relations. As noted in *A Strategy for Long-Term Development of Foreign Earnings in Asia*, certainly one of the motivating factors for the many visits of Irish politicians to China concerns the business culture in Asia;

"In Asia, where hospitality and prestige indicate power, political visits and diplomatic activity have perhaps even more significance from a foreign earnings perspective than elsewhere. This factor needs to be built into the strategy in a systematic way at headquarters level as well as in the field. For example, visits to these markets and reciprocal programmes of well planned hospitality around core foreign earnings interests will have a key role. Ministerial time for these purposes should be given priority, notwithstanding the fact that the results of the investment of Cabinet time may not be obvious in the medium term." [xiv]

The impacts of Ireland's relationship with China have been varied. On the one hand there is increased awareness of China as an economic power- wherein lies great possibilities for the adventurous entrepreneur- evident in the large trade missions that accompanied high level political visits to China in recent years. It is important that the Irish government develops the manpower, structures and the resources necessary for sustained engagement in developing the Chinese and all Asian markets as the Asia strategy sets out to do. One central aspect to developing new resources upon which to draw is education.

Below are brief sections introducing the most important areas of the Irish governments' relations with China. These sections are discussed in more depth in later chapters.

6.3.1 Economy

The efforts on the part of Irish politicians and bureaucrats endeavouring to ensure that potential benefits are maximised has seen bilateral visits, trade missions, increased diplomatic presence in China and the establishment of the Asia Strategy identifying China as a priority market. Former Taoiseach Bertie Ahern noted after his visit to China in 2005 that:

*"France, Britain and Germany are fighting for ...Chinese foreign investment in a hugely competitive market ... whereas [in comparison to Irish efforts] President Chirac and Gerhard Schröder, in particular, seem to visit with huge delegations almost annually. Other countries are ahead in terms of attracting investment in a significant manner through building up extensive relationships. However, there are also opportunities for Ireland."***[xv]**

The Asia Strategy was formulated against this competitive environment in order to increase expertise on Asian markets and to foster greater economic and political relations with identified Asian countries. This strategy is overseen by a High Level Group whose members represent the chief private and public sector bodies concerned with Enterprise, Trade and Foreign Relations. The core objective of the Asia Strategy is stated as follows:

*'...to develop relationships between Government, business organisations and Irish and Asian peoples generally. This is in support of the central focus on increasing trade with that continent, creating wealth in Irish companies, particularly in smaller companies and contributing to national prosperity, employment creation and maintenance.'***[xvi]**

Within this policy, China is identified as a priority market. The Irish-China policy therefore endeavours to build on existing trade and business within the Chinese market.

6.3.2 Human Rights

Ireland has a strong impetus on human rights in its foreign policy with issues of human rights abuses in China regularly a parliamentary topic in the Oireachtas. Ireland habitually draws attention to human rights concerns at high-level meetings with Chinese officials at national and supra-national levels. Some recent examples included the meeting of the Irish Minister for Foreign Affairs Dermot Ahern with Chinese Foreign Minister Li Zhaoxing on 12 May 2006, in Beijing; Tánaiste Mary Harney on 25th September 2006 with Chinese Vice-Premier Zeng Peiyan in Dublin; Avril Doyle MEP, member of the Delegation for Relations with the People's Republic of China at the 24th EP/NPC Inter-parliamentary- Meeting from 23 June 2007 to Friday 30 June 2007 in Beijing and Tibet. A case in point is the successful involvement of the Irish government in the return of Mr. Zhao Ming and Mr. Liu Feng to Ireland after their detention in labour camps in China due their participation with the Falun Gong movement through the EU-China Humans Rights dialogue. Former Taoiseach Bertie Ahern noted:

'...while the Chinese authorities do not like talking about human rights in the public domain or at press conferences, ..., privately they have no difficulty in doing so and accept the point that they must make huge progress. They accept that they are doing so under the EU-China human rights dialogue, of which there have been 17 rounds. They are engaging with the issues. I met the Chairman of the People's Congress ..., he made it clear that they are anxious to engage at parliamentary level on these issues. They are making strides forward. Nonetheless, the Chinese authorities make the point that theirs is a country of 1.3 billion people, who are part of a very different culture and tradition that includes many aspects which are totally unacceptable to people in Europe. However, the best way forward is to engage with them.' [xvii]

There certainly is an issue of *realpolitik* in the extent to which small nations like Ireland might be able to exact change within Chinese borders. Chinese authorities are reluctant to welcome interference in internal domestic affairs and conversely are more uninhibited in their dealings with nations that have questionable attributes, for example, offering aid to Zimbabwe without ties to political transparency or human rights. But there is an argument that Irish-Chinese

dialogue will offer better opportunities to lead and persuade in areas such as transparency, governance and human rights within the abilities of Ireland's influence, rather than intentionally distancing herself from China altogether. Such a policy of non-contact would also put Ireland at odds with the E.U. at large when efforts are being made for a more cohesive E.U. foreign policy towards China. Irish concerns can arguably be more effectively brought to the table under the banner of the European Union.

6.3.3 European Union

The European Union inevitably plays an important role in the development of Irish relations with China; to what extent the Irish government independently follows its own course in relation to China depends on the issues at stake. There is increasing evidence that member nations of the EU are, when desirable, leaving prickly issues such as human rights out of their national foreign policies in their dealings with China and deferring to EU institutions to tackle such issues on their behalf. This is not necessarily a case of not wanting to damage trade relations by offensive accusations but rather the EU is a better forum for dealing with such sensitive issues. As alluded to earlier, increased pressure can be brought to bear on China in terms of EU-China bilateral relations.

China has in fact been part architect of this emerging strategy: on previous occasions, China has warned individual EU states of 'consequences' if certain actions were to be followed through i.e. sales of arms to Taiwan, censorship at the UN over human rights. In the case of human rights one can look at the failure of the UN General Assembly motion to condemn China's human rights record in 1997 tabled by Denmark and supported by Ireland. Without the backing of other European countries both Ireland and Denmark risked retaliation from a resentful China. The failure of the motion was a coup for Chinese authorities and their influence in Europe at national and international levels. The EU stands to gain more ground as a cohesive unit rather than as a medley of nation states that can be in turn be coerced into competing or disagreeing with each other. At a symposium held in UCC regarding Ireland and the European Union in 2007, former President of the European Parliament Mr. Pat Cox mused that for nations of a continent that had developed and used the strategy of divide and conquer to great effect- to succumb to such a strategy in the challenges of today's world would be to our detriment. It is not so much a question of the independence of Irish foreign policy in relation to the European Union, rather a question of how

best to utilise the existing interdependence of Irish foreign affairs with our European partners in engaging with China. It may make political, economic and even moral sense to leave certain matters for the EU to deal with collectively on the one hand, whilst concentrating individually on furthering bilateral relations on the other.

6.3.4 Education Sector

The development of Irish educational services in the international market is the best strategy through which to strengthen medium to long-term bilateral relations in both the political and economic arenas with China as well as other Asian countries. (This was acknowledged by Taoiseach Bertie Ahern in his speech at Tsinghua University in Beijing in January 2005). It serves to develop links and networks at a social and cultural level whilst strengthening ties in commercial, technological and research fields. Chinese students in Ireland have linguistic ability, an understanding of the Chinese market, in depth knowledge of Chinese social and cultural structures and they can facilitate a network of contacts (important in China where this is known as "*Guanxi*"). The provision of Irish cultural and linguistic specialists through the Irish education system will be beneficial to ensure that relations develop to their full potential. On 23 February 2006, *The Agreement on Mutual Recognition of Higher Education Qualifications between the Government of Ireland and the Government of The People's Republic of China*, was signed by the respective Ministers for Education. This agreement came into effect from May 2006 and will greatly enhance the mobility of academics and scientists leading to greater potential in innovation and research. It will also create employment opportunities in China for those whom are Irish-educated whether they are Chinese, Irish or other nationalities and of course help Chinese educated students enter employment here in Ireland. This agreement is a natural development on the course for internationalising the education services of Ireland. It is important that when Chinese students come to Ireland to gain third-level qualifications, these qualifications are then recognised when they return to China.

These positive steps have been taken for two reasons - on the one hand their goals are to further enhance bilateral relations between Ireland and China. On the other it is part of the Irish strategy to be, by 2013, a nation *'internationally renowned for the excellence of its research, and ... [be at] the forefront in generating and using new knowledge for economic and social*

progress, within an innovation driven culture’. [xviii]

As for this latter aim, the agreement mirrors other similar arrangements between Ireland and the US/Ireland and India, and Ireland and other E.U. countries. As the government paper cited above examples: the average spend by an E.U. 25 country on research and development is some bit above € 7 billion which is comparable with many multinational companies, thus if individual nations wish to develop at a sufficient rate, trans-national cooperation is a sensible and necessary method of doing so in order to gain needed funds, expertise, training and technologies. China is a worthwhile partner for this endeavour, in striving to attain higher standards in research and development in the areas of science and technology, China has economy of scale on its side and shares areas of interest with Ireland. Ireland has expertise and training to offer in vital areas such as information, communications technology and biotechnology. The predicted shortfall in labour for the science and technology fields in Ireland could be an enticement for Chinese students whom are Irish-educated graduates to stay in Ireland to work and develop their expertise. Strengthening educational links especially with regards to marketing subjects with expected skills shortages such as information and communications technology can help Ireland hold the pace needed at international competitive levels. Science and Technology are already two of the biggest areas in which study is undertaken by Chinese students.

Under the auspices of the Asia Strategy, the Irish Institute of Chinese Studies [IICS] was set up at University College Dublin and University College Cork [UCC], providing language, business and culture training to Irish students at both under and post graduate level. The IICS is rapidly growing from strength to strength sending UCC students for prolonged periods of study at partner universities in China. The IICS also successfully initiating an annual international conference on China with the inaugural conference taking place in March 2007 in Cork at UCC.

6.4 Remarks

The summary nature of this chapter has prevented detailed discussion of some major topics, however these topics such as economics and human rights are dealt with in later chapters granting them the attention and space they deserve. The purpose here is to provide the reader an introductory overview on some of the aspects of Ireland’s bilateral relations with China. The key points to take from the discussion presented thus far are the central importance of continued attention and visits by Irish officials to China due to the political and business culture of the

Chinese. Further, the dual responsibility of the education sector in attracting Chinese students to Ireland and providing training for Irish students to adequately serve the needs of developing relations at national and European levels with China. And thirdly to recognise the benefits of EU membership on the international stage that provide smaller nations like Ireland a stronger voice. As a trade dependent nation it is important that Ireland secures future markets while concurrently maintaining our tradition of supporting human rights and freedom of expression at national level in our foreign policy.

NOTES

[i] Kowtow was a traditional act of respect shown to the Chinese emperor by kneeling and bowing so as to touch the ground with one's head.

[ii] Jianxi province in south-eastern China.

[iii] Alternatively known as the Jiangxi Soviet 1931 - 1934

[iv] Chang, J., and J. Halliday. 2005. *Mao: The Unknown Story*. London: Vintage. Pg.125.

v. Some sources indicate 40,000 Mexican dollars.

[vi] Editor and publisher based in Shanghai, then Nanking also known as Zou Taofen, born Zou Enrun May 4th.

[vii] Ch'en, J., *China and the West* London: Hutchinson & Co. 1979 Pg. 88.

[viii] Cosgrave served as Minister for External Affairs from 1954 to 1957, overseeing Irish admission to the UN.

[ix] Dáil Éireann, 'Government of China', Questions, Oral Answers: Remarks by then Taoiseach answering on behalf of Minister for External Affairs, Volume 187, pp. 862-863, 21 March, 1961.

[x] Dáil Éireann, 'UNO: Membership of Communist China', Questions, Oral Answers, Volume 213, 15 December, 1964.

[xi] Cruise O'Brien, C. 1962. *To Katanga and Back: A UN Case History*. London: Hutchinson & Co. Ltd. Pg.26ff.

[xii] The One-China principle refers to official recognition of only one Chinese government as sole legitimate representatives of China.

[xiii] Parliamentary Question 71, Ref No: 3911/07, 8 February 2007. available at <http://193.178.1.238/Debate.aspx?F=DAL20070208.xml&Node=H7#H7> Last viewed 24 August 2007.

[xiv] 'A Strategy for Long-Term Development of Foreign Earnings in Asia', Department of Enterprise, Trade and Employment; Government Publications, Pg. 24: Oct. 1999.

[xv] Parliamentary Debates, Leaders Questions, Pg 1357 2 Feb 2007 Available at <http://debates.oireachtas.ie/Xml/29/DAL20050202.PDF> Last Viewed 6 June 2000.

[xvi] A Decade of the Asia Strategy 1999-2009; Government Publication Pg. 19 available at

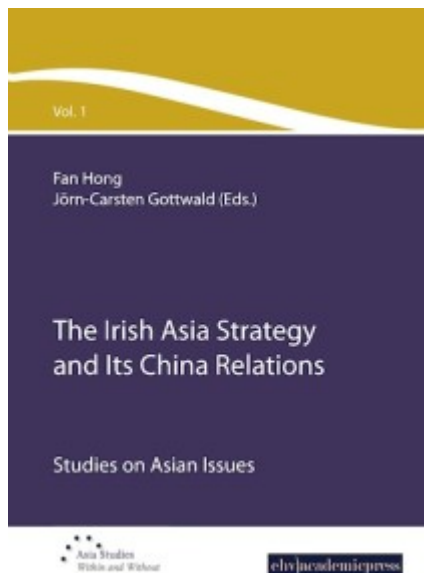
<http://www.entemp.ie/publications/trade/2005/asiastrategy.pdf> Last viewed 01/06/07.

[xvii] Parliamentary Debates, Leaders Questions, Pg 1354; 2 Feb 2007 Available at

<http://debates.oireachtas.ie/Xml/29/DAL20050202.PDF> Last Viewed 6 June 2007.

[xviii] Strategy for Science, Technology and Innovation 2006-2013; Department of Enterprise, Trade and Employment Government Publications available at <http://www.entemp.ie/science/technology/sciencestrategy.htm>; Last viewed 14 June 2007.

Chapter 7: Sino-Irish Relations - The View From China ~ The Irish Asia Strategy And Its China Relations



“Formerly we thought than the foundation of our wealth would be established if only western methods were stressed, and that the result would be achieved immediately...unfortunately, we are merely copying the superficialities of the western methods, getting only the name but very little substance...superficial imitation is not so good as arousing intellectual curiosity. The forges and hammers of factories cannot be compared with the apparatus of people’s minds.”

Wang T'ao 1870[i]

For much of the past thirty years both China and Ireland have been involved in radical reform programmes that have placed their respective governments to the fore. In taking the strategic decision to open their economies to the outside world, learning, experimenting with and harnessing new ideas and technologies to the service of their societies each can be said to have achieved an astounding level of success. Neither has allowed themselves the comfort of introversion, working with particular effectiveness since the end of the Cold War to move from the periphery to the centre of the international system. In doing so both countries have found greater opportunities to express and develop their own voice, discovering significant common ground along the way. Both are united in their commitment to a more balanced and effective international system, the maintenance of a peaceful international environment in which countries committed to economic development can seek, find and take advantage of opportunities.

While these distant neighbours find themselves on the opposite extremities of the Eurasian continent it is the similarities between them that draw them together. Both call upon a considerable heritage of cultural and technological innovation in the crafting of their self image. If their political philosophies and social systems have developed along very different tracks then this should not diminish a profound respect for each others successes – few other countries can claim to have so successfully turned the forces of globalisation to the service of their societies.

What follows in this chapter is an insight into the way that China views Ireland. The chapter unfolds first by summarising the general perception of Ireland that

exists in China today. Subsequent sections explore the different strands that have contributed to this perception setting these against larger trends in China's transformation. The final section suggests that for Sino-Irish trends to continue their positive arc much will have to be done to orchestrate an increasingly disparate and potentially fractious set of relations.

7.1 Ireland: A View from Afar

Perhaps unsurprisingly Ireland has not captured the imagination of the average Chinese citizen, most of whom have enjoyed only sporadic and limited encounters with things Irish. There is for example little awareness of the distinctive role Irish individuals have played in the shaping of Chinese relations with the rest of the world, whether through the intercession of Lord McCartney, first envoy of Britain to China or the intervention of Sir Robert Hart in establishing the Imperial maritime custom service which helped prolong the twilight of Qing dynasty. Ireland, where it exists at all dwells in the collective imagination as a jumble of images and public figures spanning the breathtaking beauty of the Cliffs of Moher to Roy Keane, Riverdance and a host of Nobel Prize winners.

Among China's elite the conception of Ireland is more complex if still partial. The young tiger's colonial past, its consequent struggle for recognition, and determination to lift itself out of poverty strike a chord with Chinese experience. Beyond these impressions Ireland's desire to pursue a neutral path in world affairs based on the international rule of law, one respectful of the one-China principle resonates strongly with a Chinese worldview that places multi-polarity and cooperative, consultative approaches to problem solving to the fore. If there are nuances and occasional contradictions to this policy they neither detract nor deviate from Beijing's fundamental commitment to the creation and maintenance of a stable international environment, built upon the five principles of peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and finally peaceful coexistence sensitive to the needs of developing countries.

Such perceptions are both relatively new and tentative, being formed in the flurry of activity that began towards the end of the 1990s. It is during this period, the height of the Celtic tiger phenomenon that frequent Chinese trips, often with sponsorship from Irish state agencies such as Enterprise Ireland began to generate awareness bringing clarity and substance to what would have otherwise been a relationship of mutual indifference.

7.2 The Political Relationship

Reading too much into these perceptions might lend an unrealistically positive spin on the importance of Sino-Irish relations one that belies the reality that Ireland finds itself as just one of many, many suitors driven to China by competitive pressures, a quest for position before market share has been fully divvied out. Comparatively speaking, attention, at least from the top most levels of government has been sporadic at best with the tempo and status of contact dictated largely by Ireland's relative position within the international system, both in terms of the EU (particularly the presidency) and UN. As such wherever Ireland's profile within these institutions is raised the negotiating power of the Irish government becomes invested with more significant weight. With the exception of EU related issues that require anonymity, such as the lifting of the arms embargo or market economy status (both staples of discussions) the lack of political tensions between the countries has meant that Ireland is seen in both bilateral and multilateral terms, the latter reflected in its position within the western European desk of the foreign ministry.

If politically speaking Ireland's relative importance to China is not great this should not be taken to mean that Ireland is unimportant to China. Since diplomatic relations were formally established in 1979 Sino-Irish engagement has progressively expanded to cover a broad range of issues and interests outside of the political arena. The political capital which create room and bless these strands come from a number of avenues such that whether on the edges of the UN, as part of the European Union, or bilaterally there is considerable choice in terms of the channels of interaction with Ireland. Specific to the latter avenue the China-Ireland joint commission on economic, institutional, scientific and technological cooperation provides a specific steering mechanism, often acting as a clearing house for issues to compliment normal embassy and ministerial lines of communication. Momentum has been ensured through the steady flow of diplomatic traffic between Beijing and Dublin, with visits from the Chinese side such as those Minister of Health Cui Yueli in May 1983, Minister of Culture Zhu Muzhi in May 1985, Minister of Agriculture He Kang in July 1985, Minister of Foreign Trade and Economic Cooperation Zheng Tuobin in May 1986, State Councillor and Minister of Foreign Affairs Wu Xueqian in May 1986, Vice Minister of Foreign Affairs Zhou Nan in September 1988, Minister of Civil Affairs Doji Cering in October 1994, Minister of Foreign Trade and Economic Cooperation Wu

Yi in April 1995, Vice Premier and Minister of Foreign Affairs Qian Qichen in October 1995, Vice Chairman of the National People's Congress Standing Committee Tian Jiyun in March 1996 and Vice Premier Li Lanqing in April 2000, Vice Chairman of the Chinese People's Political Consultative Conference Song Jian in May 2001, Premier Zhu Rongji in September 2001, Vice Chairwoman of the Foreign Affairs Committee of the Standing Committee of NPC Li Shuzheng in September 2001, Vice Chairwoman of the Standing Committee of NPC and Chairwoman of All-China Federation of Women Peng Peiyun in October 2001, Vice Chairman of the Chinese People's Political Consultative Conference Ye Xuanping in October 2002 and Premier Wen Jiabao in 2004. Beyond these more high profile visits a range of contacts have developed to reflect a growing interest in the success of the Celtic tiger.

The results of these contacts have been a number of notable agreements, of particular relevance to the trends explored within this chapter are the agreements on *Cultural Cooperation* signed in May 1985 which marked the first concrete cooperation between the two, an *Agreement on Scientific and Technological Cooperation* (September 2000); an *Ireland-China Research Collaboration Fund Agreement* (December 2002); a *Memorandum of Understanding on Cooperation in Software Sector between the Ministry of Commerce of China and the Department of Enterprise, Trade and Employment of Ireland* (January 2005); and an *Agreement on Cooperation between China National Committee of Natural Sciences Foundation and Science Foundation of Ireland* (January 2005). Many of these have followed on from an initial *Agreement on Economic, Industrial, Scientific and Technological cooperation* (May 1986).

7.3 The Key Players on the Chinese Side

Before proceeding to explore the *what* of Sino-Irish engagement it is important at this juncture to understand the *how* of China's foreign policy. At the theoretical apex of this policy making machinery stands the State Council which has traditionally been charged with dealing with the day to day direction of policy as well as the establishment of international agreements. Save where more elaborate policy departures necessitate the blessing of the party it is this institution and the different and shifting alliances within it that are primarily responsible for China's foreign relations. Beyond the Council the Ministry of Foreign Affairs has continued in its traditional role conducting day-to-day relations with China's partners. Innovation comes through experience and the

growing influence of China's economic and foreign policy think tanks, such as the China Centre for International Strategic Studies, Centre for Contemporary International Relations, China Academy of Social Sciences and State Council Development Research Institute, the China Institute of International Studies (CIIS) and Shanghai Institute for International Studies which together with the various in-house research units of China's ministries (particularly MOFCOM and the ministry of Finance) provide much needed advice and projections. While these think tanks respond to requests from the State Council for research, analysis and proposals they have to a limited extent helped define the policy agenda, acting as occasional policy entrepreneurs that are now furiously courted by academic and governmental authorities from around the world.

The hierarchy of this institutional framework has become blurred further with the advent of international integration, Engagement has exerted a profound influence on China's pattern of governance such that functional, line ministries normally not associated with external relations (for example the ministries of Finance or Agriculture) have seen their portfolios assume more international dimensions. This latter trend has necessitated the establishment of internationally active bureaus and departments, each tasked with the management of such disparate tasks as technical exchange and policy coordination to service the more bland and complex demands of reform.

In terms of Sino-Irish relations these trends have placed the Ministries of Commerce (and its predecessor the Ministry of Foreign Economic Relations and Trade), Finance, Industry and the China Council for the Promotion of International Trade among the ranks of key state players, with MOFCOM playing the principle gatekeeping role in terms of cooperation and exchange. A focus on national level institutions provides only a partial account, further complicating matters has been the empowerment of local and regional authorities who in exploiting the avenues created by past Chinese leaders focused on promoting growth have established their own international presence. Inevitably the involvement of, so many actors has had a dramatic impact on the development and proliferation of horizontal linkages, whether commercial, political, academic or cultural in nature. While most of these links are unlikely to have an immediate or dramatic effect on overall policy they have given relations a more practical, flexible vehicle to ensure there are always some win-win scenarios at play.

7.4 The Knowledge Pillar

Taking a narrow political focus would reduce Sino-Irish relations to a minor footnote but by adopting a broader perspective, one that takes into account the shift to a more pragmatic, bureaucratic brand of foreign policy that allows for the various interests of China's line ministries to come to the fore, a very different story is revealed. At its most essential the relationship is focused on the development of knowledge capital such that Ireland's development model, regarded as successful, and innovative is of great interest. To understand the *why* of this it is important to explore the context of China's reform process - its governance restructuring.

As is widely acknowledged the difficulties brought about by the *Great Leap Forward* and *Cultural Revolution*, coupled with decades of autarkic policies reduced China's economy to the point of bankruptcy. Lacking either the resources or know how to modernise on its own China took the prudent step of turning outwards and opening up to the world once more. Rather than seeking to reinvent the wheel the Chinese government has looked abroad for examples to follow, thus, beginning in 1978, Chinese elites began to actively solicit technical assistance and aid, raising the tempo of their courtship of foreign actors in search of capital, managerial expertise and technologies. In so doing China signalled a renewed willingness to engage with Western ideas, a willingness that reshaped its relationship with the outside world from one of exclusion and opposition, to integration and participation. The ensuing series of reform programmes, did not mean wholesale westernisation but rather involved an elaborate series of "(semi) contained" experiments, whose purpose has been to divine an appropriate blend of Chinese and Western ideas and institutions with which to lead China back to prosperity. In seeking to make China's economy more market orientated the Chinese government also accepted that development strategies would have to be adopted to encourage private investment both domestic and foreign. Achieving such an objective, while dealing with the contradictions and consequences of previous development they realised would be impossible without overhauling and, perhaps, completely rebuilding the country's legal and institutional framework to create a climate of stability and predictability more suitable to investors. Broader governance and regulatory reforms intended to progress incrementally, by "crossing the river by feeling the stones" as Deng Xiaoping colourfully described the process has meant adopting a pragmatic approach. Inevitably the role of the Chinese state has adjusted in tandem, managing development, being able to survey, review, adapt and compensate for its consequences have become the key

objectives for China's ministries increasing demand for new ideas.

Commerce in both ideas and capital has therefore become the driving force behind Chinese foreign policy, the later as a means of providing a substitute mechanism for China's previously nonexistent financial system in allocating investment funds, and the former, at first to retool, and subsequently radically overhaul crucial areas of China's economic governance system. This strategy has paid further dividends in helping to create sympathetic constituencies within China's partners who are willing to use their influence with their own governments in order to ensure stable relations with China, thereby reducing international and economic frictions, smoothing out tensions and maintaining a supply of funds, ideas and people.

Uniting the disparate strands of this strategy are the principles which have come to underpin China's development:

- *Scientific*, in terms of achieving sustainable development, based on advanced scientific and technological content, good economic return, low resource consumption, reduced environmental pollution and better use of human resources.
- *Innovative*, in promoting development through further reform and technological development and striving to build an innovation-oriented society with its appropriate accompanying institutional framework.
- *Harmonious*, in of the sense that promoting social progress and adjusting for the problems of development through the development of rule of law, and the principles of equity, justice, sincerity, amity, vitality, stability and order, and harmony between man and nature becomes vital.
- *Common*, in the sense of stressing the joint development of internal public ownership as the mainstay with other forms of economic ownership sectors as supplement.

7.5 Peaceful Development

Each of these principles translates into a more practical orientation to China's engagement with the rest of the world. For example both harmonious and innovative principles commit the Chinese government to seeking technical and intellectual exchanges that focus on governance, in particular management components. While the emphasis on common development, an evolved acknowledgement of China's socialist roots has led to the evolution of a twin track economy, one intensely market orientated the other corporatist in nature,

wherein the relationship between state and private remains blurred and commerce is put to the service of nation building. It is the convergence of these trends that brings countries such as Ireland back within the horizon of Chinese policy makers.

7.6 What then Are the Dividends to Be Reaped from This Shift?

Underpinning the political dimension of Sino-Irish relations are a range of commercial contacts both trade and investment in nature that have helped to build a more robust foundation for partnership. In terms of the former, the volume of trade has expanded from a miniscule US\$ 5.15 million in 1979 to a staggering US\$ 6.4 billion in 2007. To put these figures into perspective this has meant that as of 2005, China had replaced Japan as the biggest trading partner of Ireland in Asia. This trend is not uni-dimensional with Ireland now ranked 12th among the EU27 in terms of trade. The investment landscape has similarly begun to show signs of development, and as of 2007, China had introduced 30 Irish investment projects with a total contractual value of US\$ 228 million, and corresponding actual input of US\$61 million. As of the end of 2007, the total number of Ireland invested projects had reached 145 with a total contractual value of US\$ 490 million, with actual committed input totalling US\$ 144 million.

This courtship is set to be reciprocated with both Chinese and Irish officials keen to encourage Chinese investment to flow the other way. In this regard China's new policy of "going global" means that Chinese industry, as well as its sovereign wealth funds (under the umbrella of the Export/Import and Development banks) have begun to spread out in search of the opportunities and resources needed to sustain growth. Although still at an early stage there is a consciousness of the merits of using Ireland as a gateway for investment into Europe given its favourable corporate tax rate pivotal position between the US and European economies and relatively open investment infrastructure.

7.7 What then Does China Want from Ireland?

While commercial interests draw the two peoples into contact it is ideas that they share, and sometimes disagree on which bind them together. The wider range of people to people contact has dramatically changed the character of the relationship generating momentum independent of political elites. Several trends have converged in contributing to this situation most notably:

- Ireland's establishment as a choice destination for Chinese students keen to learn English and expand their knowledge of the world.

- The determined efforts of the Irish Embassy, who have been instrumental in promoting Ireland's cause among a limited, but influential clique of policy and decision makers as well as exposing more local and regional points of contact to Irish technical expertise.

And finally and perhaps most importantly,

- Interest in Ireland's successful economic transformation.

This has meant that the pattern of engagement between Ireland and China although sporadic has not been without focus. In the terms of education Ireland benefits from having an English speaking environment. The university model in particular is perceived as providing a key link between education and development. Numbers reveal the origins of this perception, for example in 2004, about 30,000 Chinese students studied in Ireland, ranking Ireland No. 1 on receiving Chinese students in terms of proportion of the population. Current estimates place the number of Chinese citizens living in Ireland at between 60,000 and 120,000 making it the second largest expatriate community in Ireland. Reinforcing this trend has been the efforts of Irish universities keen to benefit from China's willingness to improve educational links, with a number of them, notably UCC, Trinity, UCD, and Maynooth helping to blaze a trail in establishing exchange mechanisms with their Chinese counterparts. This has helped to develop academic traffic with key universities such as Peking, Qinghua and Fudan.

China has also been keen to address the perception gap that exists among western countries in developing a global network of Confucian Institutes tasked with improving awareness and understanding of Chinese culture and language. These institutes are intended to act as the channels of soft power reflecting not only China's new found interest in public and cultural diplomacy but its realisation that the best way to tackle advocates of the China threat thesis is to provide a broader education on modern China. Ireland has been among the early beneficiaries of this move with two Confucius Institutes having been established in UCD and UCC. Counterpart initiatives such as the establishment of the Irish studies centre at Beijing Foreign Languages University have also helped raise awareness on a more practical level among Chinese citizens.

Despite obvious obsessions with the material success of the largest states, interest in the role played by the Irish government in helping to create a suitably growth supportive economic environment is particularly strong. Both state and

semi-state agencies have been keen to explore parallels between Ireland and China's opening-up policies with Chinese academia (sometimes leading but more usually finding themselves in tow to this trend) assessing the "how" of Ireland's investment in education, initiatives such as the Shannon Development Authority in attracting foreign investment, the process by which Ireland shifted its industrial structure, how it has attempted to balance development across regions and sectors. **[ii]** Ireland has been particularly successful in attracting the attention of Chinese reformers in its capacity as a software giant such that it has come to be considered the "silicon valley of Europe", a title that has quickly been reflected in the focus of more concentrated exchange.

Therefore while Ireland's relative importance varies it has become clear that there exists areas where its competitive advantage as a model of development can come to the fore, particularly in areas such as science, education and technology. In this regard while there is considerable competition for influence with similar programmes from other nations, more materially endowed and disposed to using political capital as leverage Ireland has carved itself a niche. This has impacted the agenda of relations with Chinese elites developing a long shopping list of objectives for the relationship whether involving the deepening of cooperation in the software sector, ICT, bio-pharmaceuticals, environmental protection, two-way investment, or agriculture and cultural exchanges. Such a wide range of interests now means that beneath the waterline of China's top officialdom there is, and will continue to be significant activity.

7.8 Conclusion

In terms of foreign policy China might appear to be relatively passive, it has wherever possible sought to avoid becoming bogged down in the drama of great power politics preferring instead to "suspend making important strategic decisions" in favour of a more colour blind approach to international politics. **[iii]** This has meant that the transformation of its economy has taken precedence over all other issues with the result that any and all assistance, advice or examples of best practice have been considered. This has given shape to a policy of building up comprehensive national strength (*zonghe guoli*), composed of international competitiveness, an efficient and flexible diplomacy, and a compatible military capability. Success in the pursuit of these goals has created its own problems with the traditional Chinese approach of *taoguangyanghui*, (low-profile), becoming a less attractive policy option particularly in light of China's increasingly obvious status as a rising power. **[iv]** This makes having an active foreign policy "a

necessity, not a luxury.”**[v]** What this portends for the future is greater engagement of big powers and a more concerted courtship of those constituencies within those states that help create the positions and policies that affect China. This trend tasks Chinese diplomats with becoming more active in ensuring Beijing’s new found assertiveness is not mistaken for belligerence, a feat that requires more orchestration of ALL of China’s external agents. This attitude also ensures that countries like Ireland, embedded within the EU have the opportunity to assume greater importance than might have otherwise have been expected. Whether this involves Chinese elites making representations on behalf of Chinese companies against EU anti-dumping cases or securing votes at the UN, attention will continue to be given.

Aside from the potential turbulence caused by China’s rise up the ranks of international society it is what happens in China that will largely determine the course of its foreign relations. Now that China’s elites have embarked on no less significant a task than the restructuring of governance and market structures in favour of the creation of a harmonious society demand for technical advice, policy learning and assistance takes on a new level of urgency. The rest of the world is of course aware of this with competition for access to China’s elites increasing accordingly. Individual European states as well as their American, Canadian, Japanese and Australian counterparts are being encouraged to assume a more individualistic approach in establishing dialogues and programmes of cooperation to ensure their message (and the interests of their constituents) reach the right elite. In such a climate the danger exists that despite its obvious merits Ireland will find itself crowded out of the queue. The question might well become whether there will be anything distinctive about China’s policy towards Ireland or whether it will simply follows the script of relations with the EU or other similarly sized countries. Assuming a negative answer makes it incumbent upon Ireland’s representatives to more forcefully distinguish Ireland’s comparative advantage extolling the benefits to be gained from learning of its development experience, drawing greater attention to the synergy that exists between their knowledge based economies and providing a more institutionalised platform to sustain bilateral relations. Assuming a positive answer demands a pat on the back but continued vigilance against complacency.

What is certain is that beyond these issues the future trajectory of relations will depend much on the attitude of commercial constituencies on both sides of the

partnership. It is worth remembering that the parameters of both Irish and Chinese foreign policy remain largely a derivative of the need to ensure economic prosperity. Much like China's political rise the increasing influence of her economy draws as much criticism as it does praise with protectionist temptations threatening to undermine much of the work that has already taken place. While Irish concerns regarding intellectual property and market access have become a recurrent theme, China's desire for market economy status and less obstructed access to European markets and technologies will prove equally critical. For its part, China has been keen to expand trade with Ireland, a country which possesses the kind of technology and technical expertise with which to make the market work. This means China will continue to look with respect and interest on its Celtic partner.

NOTES

[i] Wang T'ao cited in de Bary W.T et al., 1964, Sources of Chinese tradition, II (1960), Columbia: Columbia University Press, pp56.

[ii] Peng, Jinian & Sun Hongyan, 2006, "Government function in Irish economic miracle in Ireland and its enlightenment for China", Journal of Hefei University (Social Science), May, 23:2.

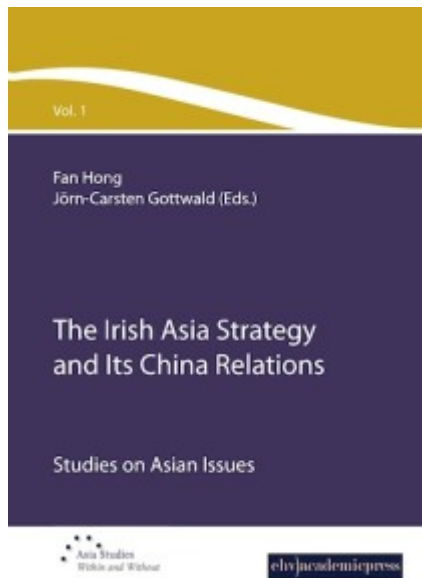
[iii] There are notable exceptions to this trend however these are invariably been linked back to the sensitive and as yet incomplete process of national reunification.

[iv] This is not to suggest that such a classification is unproblematic particularly given Beijing's problems in maintaining domestic order at a time of rapid growth.

[v] Zhao, Suisheng, 2008, "Chinese Foreign Policy in Hu's Second Term: Coping with Political Transition Abroad", E-Note, 10th May, Foreign Policy Research Institute, available <http://www.fpri.org/enotes/20080510.zhao.chineseforeignpolicyhu.html>

Chapter 8: Promoting Irish

Business In China - The Role Of The Government ~ The Irish Asia Strategy And Its China Relations



The Irish Trade mission that arrived in Beijing on January 16th 2005 was led by the Taoiseach Bertie Ahern. The fact that he was accompanied by no less than four cabinet ministers (Minister Micheál Martin; Minister Mary Coughlan; Minister Mary Hanafin and Minister Noel Dempsey) served to underscore the importance of this particular mission. The trade mission visited Beijing, Shanghai and Hong Kong and, while the overall management and logistics for the business events were handled by Enterprise Ireland, many other state agencies and private industry associations participated in the mission in some way.

Representatives of Irish agencies such as Bord Bia, Tourism Ireland and Shannon Development and members of associations such as IBEC, ISA, Chambers Ireland, and the Irish Exporters Association organised events, working closely with Enterprise Ireland to ensure the success of the visit.

This particular trade mission was in fact the largest ever organised in the history of the state until that time, involving a total of 121 Irish companies and institutions, primarily from in the ICT, Educational Services, Environmental and Engineering Services, Medical Devices and the Food and Drinks sectors. Around 300 Irish people (company executives and officials) travelled on what was an extremely successful but very complex mission. This event marked the culmination of the first stage of a process of engagement with China that had its origins some 6 years earlier - with the publication of the Asia Strategy in 1999.

Enterprise Ireland was set up in early 1998 through the merger of a number of other agencies (including Forbairt and the Irish Trade Board) and charged with responsibility for the overall development of Irish-owned industry. While within Ireland the organisation is involved in many aspects of the growth and development of Irish companies, a very important role of the agency involves the promotion of exports by Irish companies in overseas markets. Though the core of

the overseas work involves making introductions for Irish executives to potential customers and partners and providing on-the-ground assistance in countries around the world, in the more distant markets, and especially in Asia, trade missions led by high level Government figures are very important in raising the image of Ireland generally - and of Ireland as a source of top quality products and services.

In late 1998 the Taoiseach had made his first official visit to China and Enterprise Ireland organised its first trade mission to accompany that visit. On that occasion only around 20 companies accompanied the official delegation. Given the recent developments in the China market it was obvious that Ireland's overall level of engagement with the country was abysmally low and, following the visit, the Taoiseach requested a group of officials and private sector individuals to develop a coherent national strategy that would put Ireland on a stronger footing in terms of its overall relationship with Asia and with China in particular. The document that resulted from the deliberations of that committee was published in early 1999 as the Asia Strategy.

As the lead agency in terms of the development of Irish industry and the promotion of Irish exports, Enterprise Ireland was heavily involved in the development of the Asia Strategy - and its own plans for the growth of exports to Asia formed an integral part of the plans outlined in the published document.

Though the Irish Trade Board had initially established an office in Beijing in 1979, in the same year in which Ireland exchanged diplomatic relations with China, Irish exports to China were always at a low level due to the closed nature of the market and the difficulties faced by Irish companies in trying to access such a distant, different and under-developed market. By 1999 the situation was of course very different: China was developing rapidly and opening up to the global economy - and it was obvious that, in the years to come, the Chinese economy was going to continue to grow at a rapid pace. Following the publication of the Asia Strategy in 1999, Enterprise Ireland moved quickly to strengthen its operations in China, with offices in Beijing and in Shanghai (the two most developed cities in the country) and a further office in Hong Kong, which covered the southern part of the country, including the industrial powerhouse of Shenzhen.

In comparison with other countries in the EU Ireland has had very little history of engagement at a business level with China. While multinational companies with operations in Ireland always traded with Asia, this was to a large extent dictated

by their global business strategies. In the early days of industrialisation in Ireland our larger companies, such as those in the food and drinks sectors were generally confined to selling into European and US markets. It was not until the development of new processing technologies and the growth of the software and services sectors that Irish industry acquired the right products and the economies of scale required to tackle the more distant markets in Asia. In addition, unlike countries such as the Netherlands and the UK that have companies that can trace their origins back to older national trading empires and that have had operations in Asia for many years, Ireland lacked a basic network in the region upon which to build new business.

8.1 Building the Business

The Enterprise Ireland team was charged with opening up the China market for Irish industry and with making contacts in local companies and organisations that would be useful to Irish companies - and also with encouraging more Irish companies to become familiar with the potential of that market.

As mentioned above, a major part of the work carried out in Enterprise Ireland's overseas offices involves "matchmaking" for Irish business executives - setting up meetings with prospective business partners (local companies and local executives) for visiting Irish companies. However, given the low level of knowledge about China in Ireland at that time it was necessary to actually encourage more Irish companies to visit the market. Regular seminars were organised in various locations around Ireland with senior Irish executives speaking about their experiences in this very exciting market. Many trade delegations were organised to visit Ireland from China, allowing the Irish business community to establish links with Chinese business people and various media outlets were used wherever possible to promote the fact that China was now "open for business".

In more recent years, the enormous media attention devoted to the phenomenal growth of China and its emergence as the "factory of the world" has obviated the need to publicise China within the Irish business community. Most Irish companies with products that can be exported to Asia have by now taken a serious look at the China market.

Within China itself, Enterprise Ireland initiated programmes to actively raise the awareness of Ireland through the Chinese media, organising journalists and TV crews to visit Ireland to produce features on Ireland in the Chinese media. Opportunities were sought to speak at various business events and it was decided

to concentrate on the promotion of a number of business sectors where it was felt that Irish business had a competitive advantage in the China market.

Given the rapidly growing strength of China's manufacturing sector and its very low cost-base, it was natural that the focus should be on promoting and selling the Irish service sectors, rather than on manufactured products. Awareness of Ireland as a leading source of software was growing within China and this was greatly helped by a visit made to Ireland by former Premier Zhu Rongji in September 2001. The team of economists that accompanied him compiled a report on Ireland's IT sectors and they effectively spread the message within China that Ireland was a model for China to follow in the development of its own IT sectors. In the following years many Chinese people visited Ireland to see what could be learned about the software sectors and, from relationships developed in those years, a good number of Irish companies with strengths in the financial services, telecommunications and mobile applications software have since begun to prosper in the China market.

Education Services was also a focus of activity from the beginning of the Asia Strategy. Aside from the revenue generated from incoming students for the third-level institutions in Ireland and for the economy in general, Enterprise Ireland recognised that Chinese students completing their studies in Ireland could, when they returned to China, become a very important base of contacts upon which Irish trade could be expanded.

In recent years, as newly minted graduates are starting to return from Ireland, they are interested in keeping their links with Ireland. Enterprise Ireland has supported the formation of a number of local alumni associations to encourage these networks. Irish companies entering the China market can now find young executives who have a good understanding of Ireland - and in some cases even speaking with distinct Irish accents!

The massive infrastructure investments being made by the Chinese Government also attracted Engineering and Construction services companies from Ireland and other companies producing a wide range of high-tech products began to find new markets in China.

In moving from a command economy to a socialist market economy almost every aspect of the Chinese economy has gone through very dramatic change. In 1995 the country had over 200,000 state owned enterprises, most of which were loss-making or technically insolvent. By 2006 their numbers had been reduced to around 60,000. While some were reformed and later listed on the stock exchange

and some were sold to local and foreign companies, many were simply shut down. In some years more than 12 million people lost their jobs in Chinese state owned companies, but due to the massive infrastructure projects underway across the country and the very rapid development of the newly liberalised private sectors, many of them were able to find new jobs. The growing need for power has driven the Central and Provincial Governments to invest heavily in new power generation projects across the country and the completion of the controversial Three Gorges Dam in 2007 was an indication of the capability of China's new economy.

While the major cities along the east coast of China were the first to reap the gains of the liberalised markets, the Government was, and is, concerned that the new prosperity must reach the rural and western areas of the country - and in recent years much attention has been focused on bringing infrastructure and jobs to the central and western areas.

Because of the very low level of investment in the high technology sectors in the previous decades, China was able to move directly into the most modern technology available - without have to deal with the physical and financial burden of older legacy systems. For example, in the early 1980's it was difficult to get a telephone in China but by 2007 China Mobile was the largest mobile telecommunications company in the world and internal growth in internet usage continues to lead the world.

8.2 Market Entry Issues

Given such explosive growth in everything from infrastructure to services the opportunities within the China market are enormous, but the market itself presents some unique and unusual difficulties for novice exporters.

Given the low level of English speaking ability in China, communications can pose an obvious problem for foreign business people. While there are lots of interpreter and translation services available in the major cities, unless the person hired to interpret has some understanding of business and can grasp the details of the foreign company's offer they will be of little use: it is worthwhile spending time with the interpreter prior to any business meeting to explain the business fully. If it is possible the same interpreter should be used on all business visits.

A more subtle (and problematic) issue is that of local cultures, related to the size of the country. China covers a huge area and the internal regional cultural and

language variations within the country are very diverse. Aside from the fact that more than 20 different languages and dialects are in use, business etiquette and culture varies enormously across the country. It is always best to use local advisors and interpreters from the province or city in which the business is being discussed and not to assume that a person employed in Beijing will be of any use to you in the Guangzhou market.

The vast scale of the country and the internal regional variations of the China market is something that shocks most first-time visitors. After spending some time in the market visitors quickly come to realise that China is a very complex country and should in fact be thought of as being somewhat similar to the expanded EU, with all its regional and country-specific variations.

Trust is a major issue in doing business in China (and in Asia generally). People in China will do business with people they trust personally. Very little attention is paid to contracts or to the specific conditions contained in contracts. Business succeeds or fails based on people trusting each other; on delivering what they say they will deliver - and very importantly, on the ability to be flexible. To build trust between two people or two companies takes time - lots of time spent in company with the prospective partner(s), whether at banquets or dinners or (increasingly) on the golf course. The amount of time it takes to get to know someone personally may frustrate the occasional visitor to China but it is a vital aspect of the business process. Companies need to make a commitment to visit the market regularly over the first few years in order to create the necessary bonds.

In addition, for Chinese people nothing in business can be fixed or rigid - one needs to be prepared to change with changing conditions. To the uninitiated this can seem like continuous and interminable negotiation tactics and there is a common saying that in China "the negotiations start after the contracts are signed". If one is prepared for this fact and one trusts their Chinese partner then this is just one more way to conduct business. Both sides are expected to be flexible. Trying to rigidly stick to written contracts simply does not work in China.

In order to conduct successful business in China (and in Asia-Pacific in general) it is very important to establish a local operation as soon as possible and, given the regional differences referred to above, it is usually not feasible to cover the whole China market from one office. Smaller companies are advised to focus on only one of the major centres in China such as Beijing, Shanghai or Guangzhou (all of which have populations in excess of 60 million in their hinterland) and to avoid

looking at other areas until a successful foothold has been established in that region.

One Enterprise Ireland initiative which has proved to be a big asset to incoming companies is the provision of incubator space in each of our local offices. Using these incubators as a short term base, Irish companies can test the market at a reasonable cost, before committing to the establishment of an independent office.

Many Irish companies seek to enter China in a partnership with a local company and, while there are many Chinese companies eager to form such relationships, the process of selecting a local partner can present its own unique difficulties in China. Though many of the State-owned companies are eager to form partnerships with foreign companies, many are still suffering from the effects of the old command-style economy and are much slower to react to local business opportunities than the new private sector companies. On the other hand, many of the new start-up companies in China are still under-capitalised and, while they may seem to be very professional, they may be stretched financially and it is generally still not possible to do an accurate check on newer companies' financial performance. Again, as mentioned above, it is vital to get to know the individuals involved on the Chinese side and to get a real understanding of their intentions. It is also very important to spend time in their factories and offices to get a good feeling for how well they run their operations.

For anyone entering the China market for the first time, a very basic "rule of thumb" is to avoid dealing with any company that is not already doing business internationally. Aside from the fact that it is much easier to get performance references, if they are already doing business with other international companies successfully, then they will have learned a good deal about what is expected by their foreign partners.

Finally, getting into the Chinese market takes resources in terms of management time and money and unless companies are prepared to spend at least one or two years on the effort it is simply not worth trying. However, most companies that have committed to the market have found the rewards they were seeking. China is a more open and unstructured market than many others in the developing world and the speed at which its economy is growing is astonishing.

8.3 Raising Awareness of Ireland

The focus provided by the Asia Strategy encouraged visits to China by a large number of senior political figures from Ireland in the early years of the decade, all

of which helped to raise the awareness of Ireland. Where possible, Enterprise Ireland made good use of these visits to promote Irish exports. Following the initial 1998 trade mission, in 2000 Enterprise Ireland organised another mission (led by the then Tanaiste and Minister for Enterprise Trade and Employment Mary Harney) and later, in 2002, President McAleese's State Visit to China was the occasion for a third mission.

The numbers associated with these missions are in themselves evidence of the growing Irish interest in China - and of increasing engagement by the Irish business community with China. While the initial 1998 mission attracted only around 20 companies, the 2000 mission involved 58 Irish companies. The mission organised around President McAleese's State Visit attracted 85 participating companies - and the process culminated with the Taoiseach-led mission in January 2005 which brought 121 companies to China. Each of these events set records for participation by Irish companies in trade missions and provided many opportunities for the visiting executives to deepen their relationships with local customers and partners and to make new contacts across the country.

The accessibility of senior Irish Government figures during such missions is an important factor in their success. People in China very rarely have an opportunity to meet with, let alone talk to, their own top-level government officials. While it may not be seen as very important in the west, the opportunity for a photograph, or a discussion, with a country's leaders is highly prized in China - and during these missions the President, Taoiseach, Tanaiste and Ministers were very generous with their time and their accessibility was valued highly by the participants.

The working relationship between the two Governments is also very important in setting the agenda for increasing trade. In the case of Ireland and China the relationship is very good and the focus provided by the Asia Strategy was important in this respect. Since 1999 a number of important bilateral agreements in areas such as Food, Education, Science and Technology and Tourism have been signed at Ministerial level, all of which have helped to develop a framework under which Irish companies can increase their business with China.

In the years since the Asia Strategy was published Ireland's official presence on the ground in China has developed rapidly: A new consulate was opened in Shanghai in 2000 and agencies such as Tourism Ireland, IDA Ireland and Bord Bia (the Irish Food Board) have all established offices in the market.

Aside from the existing offices in Beijing, Shanghai and Hong Kong, Enterprise

Ireland also established a fourth office in Guangzhou in 2004 to better service Irish business in the south of the country. Guangzhou is one of the wealthiest industrial cities in China and a very important centre of manufacturing. This office handles the majority of sub-contracting requests received by Enterprise Ireland.

The presence of so many official Irish offices has greatly helped to raise the awareness of Ireland in China and to assist Irish companies in developing their business in the market.

8.4 Trade with China

In the years since the publication of the Asia Strategy trade between the two countries has blossomed, as shown by data from the Irish Central Statistics Office. As with all Ireland's trade statistics, these figures are dominated by the two-way trade of the large numbers of multinational companies with operations in Ireland and they do not truly reflect the position of Irish-owned companies, whose trade makes up only a small fraction of the total. In addition, these figures relate only to merchandise trade and do not account for trade in services, a rapidly growing sector of Irish business.

Ireland's exports to China grew by over seven times from, € 119million in 1999 to € 876 million in 2006 while exports to Hong Kong grew to € 627 million in 2006, up from € 333 million in 1999. Given that most of what we export to Hong Kong is later transshipped to the mainland Chinese market the combined figure of somewhat over € 1.5 billion is a close approximation of Ireland's exports to the China market as a whole in 2006 (the last year for which the full year figures are available).

China's exports to Ireland have shown even more remarkable strength over the same period, growing from € 656 million in 1999 to more than € 4.4 billion in 2006. While the balance of trade is strongly in China's favour, this is to be expected given the need of the Irish-based multi-national companies to import vast quantities of parts, components and raw materials to feed their Irish production lines. In fact, without the input of low-cost components from China and other parts of Asia, it would be difficult for these Irish manufacturing operations to remain profitable. The situation is further tilted in China's favour because the vast majority of Ireland's clothing, footwear and consumer products are now originating in China.

Of more direct importance to Enterprise Ireland is the performance of our client base (Irish-owned and Irish-operated companies): Annual surveys of our client

companies show that China is becoming an increasingly important market for Irish companies. Direct exports to China reached € 75 million and total exports to the Greater China market (including Hong Kong) in 2006 reached € 121 million, an increase of more than 20% on the figures for 2005. Greater China now accounts for 18.5% of total Irish exports to the Asia-Pacific region and for fully 25% of total Irish exports to the countries covered by the Asia Strategy.

Though starting from a low base, Irish-owned exports to the Asia Strategy area are growing at an annual rate of around 20%, whereas total Irish exports to the world are growing by about half that figure. Though the figures are not directly comparable due to differences in the means of data collection, the best estimate of Irish exports to Greater China were somewhat over € 8 million in 1998.

As mentioned above, to compete successfully in the Asian and China markets it is very important to establish a local presence as early as possible, so the numbers of Irish companies with operations in the China market is another useful indicator for our level of engagement with the market. In 1999 Enterprise Ireland recorded only 5 companies with operations in China. By 2004 this had grown to twenty five establishments - and by the end of 2007 fifty nine companies had established operations in China, while a further twenty two companies had set up shop in Hong Kong to tackle the China market. While most of these are sales and marketing operations, a growing number of companies are setting up more complex organisations locally - and a small number have set up multiple operations to cover the most important regional markets in this vast country.

An analysis of the products being exported to China and Hong Kong reveal that in both markets food and drink products play a dominant role. In fact, some of our major food companies such as Glanbia and Kerry group have invested in production facilities in China to manufacture food ingredients that cannot be exported profitably into China and to get closer to their customers. International Services exports feature high in the ranks of Irish exports to China: This classification covers a broad range of companies from software to engineering services to education services. Irish software in the China market varies from financial services software to mobile marketing products. A number of our engineering service companies have competed successfully to become involved in the vast amount of construction underway across China.

The growth of the education services sector in importance to Ireland is probably the most visible sign of increasing engagement with China as the number of Chinese students entering the third level system in Ireland has grown rapidly over

the past few years: There are now over 4,000 students from China participating in degree level courses in Irish Universities and Institutes of Technology. The majority of these students are studying business or technology subjects and, while in previous decades most of these graduates would wish to remain overseas, with the tremendous opportunities being offered within the Chinese economy, most graduates return to China as soon as possible after earning their degrees.

Enterprise Ireland has been instrumental in supporting the Irish colleges in the development of Alumni Associations in the various centres around China and these young graduates are already proving to be a very useful resource for Ireland, and a number of them have been employed by Irish companies entering the China market.

8.5 A Decade of the Asia Strategy

Shortly after the Taoiseach-led trade mission to China in January 2005, the Committee of the Asia Strategy reviewed the progress that had been made in engagement with the Asia region over the previous five years. While the original strategy had proved effective in increasing Ireland's engagement with the region generally there had been an obvious concentration on developing the relationships at Government and business level with China, perhaps to the detriment of other regional markets. In announcing the second stage of the Asia Strategy, entitled "A decade of the Asia strategy" in April 2005, Micheál Martin, Minister for Enterprise Trade and Employment confirmed the intention of the Government to continue to focus on the development of relations with Asia with more emphasis being placed on other markets in the region including Japan, India and the ASEAN regional grouping.

After more than a decade of recession the Japanese economy has once again begun to grow at a respectable pace and, given that it is the second largest economy in the world after that of the US, it is of great importance to Ireland's business in the Asia Pacific region. Having gone through a lot of re-structuring in recent years the economy is now much more open to imports and the internal markets are easier to access.

India has emerged as a second major powerhouse in the region, led by the dynamic growth of its Software services and Business Process Outsourcing sectors and, with its massive population growing increasingly wealthy, the internal market is now becoming quite sizable. In 2006 Enterprise Ireland established its first office in New Delhi to provide on-the-ground services to the growing number of Irish companies beginning to tackle the Indian market.

The ten countries that make up the Association of South East Asian Nations (ASEAN) are very diverse in terms of their economies and cultures ranging from the rich city state of Singapore through Indonesia, the largest Islamic state (and one of the poorest countries) in the world, to the rapidly growing socialist market economy of Vietnam. Most ASEAN countries now run a significant surplus in their trade with China and have a vested interest in the continued growth of China's economy. China is also emerging as a significant source of FDI as it begins to acquire resources and to invest in factories across the region. In recent years ASEAN has invited China, together with Japan and Korea, to join in its annual meetings, forming what is now known as ASEAN plus Three. Bilateral Free Trade Agreements with the three countries and ASEAN are now under negotiation and it is likely that Asian intra-regional trade, and freer trade within the ASEAN grouping itself, will boost the ASEAN economies in the coming years. The commitment of the Irish Government to join the Asia Development Bank (ADB) in 2006 was an important part of the second stage of the strategy.

As a member of the Bank, Irish companies are now eligible to bid for a vast range of contracts awarded by the ADB throughout the Asia Pacific region. The ADB works with Governments across the region to develop detailed development plans for each country and, in the process of implementing these plans, there is a need for private companies to carry out both consulting and construction contracts. Enterprise Ireland is now implementing an annual programme to help Irish companies access these projects. With the need for massive investments in their infrastructure, China and India are the major recipients of financing from the ADB and in consequence will be priority targets for Enterprise Ireland in the pursuit of this business.

8.6 Conclusion

The second phase of the Asia Strategy ran until the end of 2009 but it is already quite obvious that it has had an enormously beneficial effect on the links between Ireland and the region. The focused agenda of the strategy has allowed the various arms of the Irish Government and its agencies to coordinate their activities to good effect on behalf of Irish companies and exporters doing business across the region and in China. In an increasingly global marketplace the Asia strategy was a very timely and useful tool to allow Irish business people to access what is expected to be the most exciting and vibrant economic region of the globe in the coming years.