WTO/GATS and Issues of Trade and Cooperation in Chinese Higher Education

Xiaoyang Wang, Fazal Rizvi

Abstract: China became a member of WTO in 2001, but its influence on higher education in China is rarely discussed. This article mainly tries to describe the possible consequences of commitment to GATS by developing countries and quality opportunities of this kind of trade for developing countries like China. Several good suggestions have been offered as the conclusion.

Keywords: WTO; CATS; Higher education in China

1. Introduction

The Chinese economy is one of the fastest growing economies in the world. The growth rate over the past two decades has averaged eight per cent. With this growth has emerged a very high level of demand for higher education, exceeding the capacity of the Chinese higher education to meet this demand. It is recognized that China needs human resources that understand and can engage with the requirements of the global economy. In China, it is widely recognized that its spectacular economic growth has been an outcome of its decision in 1979 to 'open up' its economy to the world, becoming globally integrated. This policy desire for global integration led China in the mid-1980s to seek membership in the World Trade Organization. The negotiations involved in becoming a member lasted more than a decade, as China and the United States in particular struggled to define the scope of 'free trade', and the specific requirements demanded of China. The negotiations over trade in services in particular turned out to be particularly torturous. Along with issues of agricultural trade, issues of copyright and trade in services within the communication and banking sectors in particular proved to be difficult to sort out.

The resolution to these negotiations emerged abruptly, with China finally accepting a range of US demands, and in December 2001, China became a signatory to the WTO, as well as the General Agreement on Trade in Services (GATS). However, its acceptance of WTO/GATS raised a number of issues about the manner in which China has used WTO/GATS to its benefit, and the ways in which it has sought to reconcile its commitment to market economy on the one hand and to the maintenance of China's political system on the other.

GATS defines five categories of educational services, trade in higher education being the most prominent. There are several mechanisms through which GATS conceptualizes the operations of international educational trade. The first mechanism relates to distance learning, the development of virtual universities through the use of information technologies and internet applicable both to developed and developing countries. In this area, the universities in developed countries have a distinct advantage in being able to export their degree and diploma programs to developing countries. This mechanism supplements the second mechanism: life long learning.

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by satisfying the learning demands of large number of adult people, who are forced to come back to universities because of enterprise structure adjustment or technological innovation. The third mechanism relates to the privatization of higher education as a way of meeting the excess demand education sectors accompanying the popularization of higher education in developed countries and some developing countries, because national governments alone are not able to support expanded higher education systems. These mechanisms helped to encourage the rapid increasing of higher education trade between developed countries and developing countries.

However, this kind of trade is not necessarily a win-win game. In contrast, it is often accompanied with many kinds of tensions between the two sides of the trade and commercialization of the higher education services which jeopardize the true education values. As Susan L. Robertson (2003) puts it, "WTO/GATS processes means not just directing attention to the specifics of the agreement itself;... whose interests are promoted by the WTO, and what is the consequence for education systems of redefining education, not as a public service regulated by the state, but as an industry regulated by the rules of global trade?" Therefore, what are the possible consequences of commitment to GATS by developing countries? What about the quality and opportunities of this kind of trade for developing countries like China? This is the major issue we will discuss in this article.

Methodology

The major methodology of this research is objective description based on investigating a lot of the latest data and documents. The first kind of sources of information are first-hand openly published legislations, reports, speeches, statistic data related to the development of Chinese foreign corporation running programs and negotiation processes and results for WTO/GATS accession by Chinese government and State Educational Ministry, both in books and documents in official websites, and related materials in the official websites of WTO and UNESCO. The second basis of the research is the authority researches did by both Chinese and foreign scholars, like the paper by the chairman of Chinese higher education research society, the book by the secretary general of WTO, Mr. Supachai Panitchpakdi. The third kind of data is cases of Chinese foreign corporation programs, by in depth investigating and analysis of their progress, achievement and problems.

Definitions of Terms

According to WTO regulation, Educational services are commonly defined by reference to four categories: Primary Education Services, Secondary Education Services, Higher (Tertiary) Education Services, and Adult Education. In this paper, higher education embraces university degree level and tertiary level, higher vocational level.

The channels of international trade in educational services usually include students going abroad for study, exchanges and linkages among faculties and researchers, international marketing of curricula and academic programmes, the establishment of "branch campuses", and the development of international mechanisms for educational cooperation between academic institutions in different countries. Of course, these channels are interrelated, but in this paper, the so called "trade" mainly referred to the last two channels, i.e. western countries' universities cooperated with Chinese universities to build "branch campuses" or cooperation educational programs.

Our preliminary analysis suggests four key themes.

In this paper, we explore the way in which China has sought to work with these conceptual and practical tensions, and has interpreted and often re-articulated the requirements of the WTO/GATS, navigating a set of complex political conditions. Specifically, in the area of higher education, we discuss how China has used WTO/GATS in a range of politically creative ways: to resolve some of the issues of demand and costs; to make symbolic changes to its social and cultural ideologies; to steer its higher educational system towards a program of moderniza-
tion and innovation; and to develop human resources ready to participate in a globally integrated economy.

Growing demand, existing system incapable of meeting the demand.

China has made great progress in improving the living conditions of its 1.3 billion people and put forward the goal of building a well-off society in an all-round way in the first 2 decades of 21st century. In order to realize this goal, the Chinese government attached high importance to the development of higher education. Enrollments in higher education institutions rose from about 1 million in the early 1980s to 6 million in 1998. In 1999, the gross enrollment ratio of Chinese higher education increased to 10.5%. However, this figure is still low when compared to 10.2% in Mexico, 12.5% in Brazil, and 22% in South Korea as shown in World Bank materials in 1986.

In order to meet the unmet requirements, on the one hand, China encourages the development of private higher education and distance learning programs. In 2003, there existed 1,230 private institutions of higher learning in China, with 12 having an enrolment exceeding 10,000 students. On the other hand, China made partial commitments to the WTO educational services in the WTO accession in 2001. Since recent years, the number of cooperative programs between China and foreign higher education institutions increased at an accelerating speed. From 1995 to 2002, the cooperative institutions and programs have increased by nine times and have 712 programs by the end of 2003, covered 28 provinces, municipals and autonomous regions, according to incomplete statistics of the State Education Ministry.

Symbolic changes to political ideology

Besides the fast growth of higher education trade between China and abroad, the much deeper and perhaps more important changes are political and culture ideology change after the WTO accession. Now most of the people, including officials in the government and ordinary citizens agree to the importance of openness and transparency which are demanded by the WTO/GATS principles. In March of 2004, the people's congress of China approved the constitution modification, the most striking changes and supplements are protection of private property and human rights, those are demanded by liberal and capitalist market economy but inconsistent with traditional Max-ism and socialist principles. Rule of law, overseeing the behavior of the government officials by media and ordinary people despite the reserve of one party ruling, now begin to be implemented with great endeavors.

Although the consensus for ideological change is there and some progresses are made, the tensions and conflicts in practical processes are unavoidable. Rigid and conservative ideology, opaque government behavior and patriarchy and bureaucratic administrative style could not be changed in a short period of time.

Innovation

One advantage the country assumes brought with the WTO/GATS accession is the reform and innovation of its education management institutions, systems and structures. However, this actually is a two-edged sword, having both opportunities and challenges. Those include adjusting training structure of talented persons, adapting to the change of economic structures, deepening reform and building quality assurance systems, heightening quality and competition ability of higher education, strengthening English proficiency and foreign culture awareness, accomplishing educational laws and regulations systems and enforcement and enlarging the support to western areas of China to promote a balanced development, etc.

Human resources for global economy

After the WTO accession, the introduction of foreign capital increased quite rapidly. In the year 2002, China exceeded the United States become the champion for absorbing foreign capital. The human resources for participating global competition are in urgent need. At one side, the government tries to attract more graduates who study abroad to go back to China by kinds of preferential policies. Actually, this
is a tendency that happened in recent years, more and more graduates began to go back to China. On the other hand, the government also encourages Chinese foreign corporations to run schools and programs, especially between key public universities in China and prestigious universities in developed countries like the United States, Britain, Australia, etc. The hope is, by learning from their foreign counterparts, the Chinese universities can improve their expertise in training talents with global perspectives and abilities. But the challenge is whether those graduates can acquire in-depth knowledge and perspective of Chinese culture and society as well as western management theory and skills.

2. China’s Commitment to Education Services Trade for WTO Accession

China’s Commitment to Educational Services Trade for WTO Accession mainly included four aspects: 1. No commitment to primary school education service, middle school education service and military, policeman, politics and communist party schools service; 2. No limitation to consumption abroad and member countries’ students coming to China for study; 3. Partial commitment to higher education service, adult education service, high school service, preschool service and other education services; allow member countries coming to China to open cooperative educational institutions or other forms of educational services, allow foreign partners to control stocks; when other member countries provide education services to China in the mode of commercial presence, they should have a Chinese partner to cooperate with, they should not independently provide education services to Chinese citizens; the cooperation should abide the Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools; 4. Foreign education service personal providers (Presence of natural persons) can go to China to provide education services with the employment or invitation from Chinese educational institutions, but they should have bachelor or higher level degree, having at least two years' professional work experience, having corresponding qualification certificate or professional title.

Many Chinese observers believe, these partial commitments may not bring strong shock to the Chinese domestic education system, because of the huge size of the student market, the funding and support of the government, the strength of the old system, etc. On the contrary, most people optimistically agree the rapid development of China's foreign cooperation is beneficial to reform and modernization of the outdated values and ideas, curriculum, and teaching methods, although they may also acknowledge the negative side of the issue. We will further discuss this point after three case studies in later part of the paper.

3. The rapid increasing of corporative programs since 1995

Since the mid 1990s, the number of cooperative programs increased at an accelerated speed. From 1995 to 2002, the cooperative institutions and programs have increased by nine times and had 712 programs by the end of 2002, according to incomplete statistics, by the ministry of education, covered 28 provinces, municipals and autonomous regions. The specific distributions of these programs are analyzed as follows:

**Terrain distribution:** cooperative institutions relatively focused in eastern coastal provinces, large and mid-

<table>
<thead>
<tr>
<th>Mode of supply</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Cross border supply</td>
<td>The provision of a service across boundaries while neither the consumer nor supplier moves</td>
</tr>
<tr>
<td>Consumption abroad</td>
<td>The provision of the service involving consumers' travel to the supplier's country to consume the service</td>
</tr>
<tr>
<td>Commercial presence</td>
<td>The supplier establishes a physical presence in the overseas country, usually through direct foreign investment</td>
</tr>
<tr>
<td>Presence of natural persons</td>
<td>The supplier temporarily moves to the consumer in order to supply the service</td>
</tr>
</tbody>
</table>

Source: WTO Education Services background note by the secretariat.
Table 2: The top ten big cities and provinces with highest numbers of cooperative programs

<table>
<thead>
<tr>
<th>City/province</th>
<th>Shanghai</th>
<th>Beijing</th>
<th>Shandong</th>
<th>Jiangsu</th>
<th>Liaoning/Zhejiang</th>
<th>Tianjin</th>
<th>Shanxi</th>
<th>Guangdong</th>
<th>Hubei</th>
</tr>
</thead>
<tbody>
<tr>
<td>Num. of Programs</td>
<td>111</td>
<td>108</td>
<td>78</td>
<td>61</td>
<td>34</td>
<td>33</td>
<td>31</td>
<td>29</td>
<td>27</td>
</tr>
</tbody>
</table>

Table 3: Top ten countries and areas with highest numbers of cooperative programs

<table>
<thead>
<tr>
<th>Country/Area</th>
<th>U.S.</th>
<th>Australia</th>
<th>Canada</th>
<th>Japan</th>
<th>Hong Kong/Singapore</th>
<th>Britain</th>
<th>Taiwan</th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Num. of Programs</td>
<td>154</td>
<td>146</td>
<td>74</td>
<td>58</td>
<td>56</td>
<td>46</td>
<td>40</td>
<td>31</td>
<td>24</td>
</tr>
</tbody>
</table>

dle-sized cities where economy and culture are much advanced. The top ten big cities and provinces with highest numbers of cooperative programs are as the following tables show. This reflects the urgent demands to various kinds of talents from these areas.

Cooperative Countries and Areas Distribution: Main cooperative partners come from economically, scientifically and educationally developed countries and areas. The top ten countries and areas with highest numbers of cooperative programs are as follows:

Program schooling levels distribution: formal schooling institutions and programs occupy the most, with total number of 372. The number of non-schooling education institutions is 313, with kindergartens 27. The distribution is as follows:

According to another statistic provided by China's ministry of education, from 1997 to the end of 2003 (6 years), the total number of cooperative degree programs was 137 (22.8 per year). Compared to the above data, among the programs from 1995-2002 (seven years), the number of degree programs is 143 (20.4 per year). We can infer that after 2001's WTO accession, the increasing of cooperative programs is faster, but the difference is not remarkable. This shows during several years before and after 2001, the increasing rate is basically similar.

Table 5: Cooperation Programs Specialty distribution:

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Program Numbers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business administration</td>
<td>255</td>
<td>36%</td>
</tr>
<tr>
<td>Foreign languages</td>
<td>132</td>
<td>19%</td>
</tr>
<tr>
<td>Electronic and information sciences</td>
<td>94</td>
<td>13%</td>
</tr>
<tr>
<td>Economics and trades</td>
<td>74</td>
<td>10%</td>
</tr>
<tr>
<td>Arts</td>
<td>37</td>
<td>5%</td>
</tr>
<tr>
<td>Education</td>
<td>19</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>101</td>
<td>14%</td>
</tr>
</tbody>
</table>


The regulations of the People's Republic of China on Chinese–Foreign Cooperation in Running Schools (it will be called "regulations" hereafter) was adopted at the 68th Executive Meeting of the State Council on February 19, 2003, promulgated by Decree No. 372 of the State Council of the People's Republic of China on March 1, 2003, and effective as of September 1, 2003.

One of the key points in the regulation is the definition of the nature of cooperative programs. In the regulation, Article 3, the Chinese-foreign cooperation in running schools, is an undertaking beneficial to public interests and forms a component of China's
educational cause. This Article embraces two important meanings. First, the cooperation cannot be for-profit. This arouses fierce debate in China's educational circle and law experts. One opinion is: no profit is important to guarantee the educational value of the cooperative programs. Because for profit motivation will jeopardize the quality of the cooperative programs, harmful to the benefit of students and teachers. Therefore, the educational administration sectors should firmly put down those purely for profit cooperation.

On the contrary, another opinion believes, since education is defined as a service and trade in WTO and GATS rules, it's harmful to define education as an undertaking purely for public interests. It forms an important barrier to further opening up to foreign education providers. These believers point out, in reality, all cooperative programs see tuition fee as an important source of income and make money. It has also produced a loss of the country's tax revenue, since the cooperative programs are defined as non-profit institutions. There is a third, more compromised opinion, Which asserts: although the cooperation can be defined as nonprofit, it should allow a certain amount of surplus of the operation, as long as the surplus can be reinvested into the operation of the program. However, the latter two opinions agree that the definition is lagging behind practice and should be modified in the future. We will discuss this further in the later part of the paper.

Another important meaning of Article three is, China foreign cooperation is a component of Chinese education, Some observers believe this is a great progress compared to previous temporary regulation issued in 1995. In the past, the foreign China cooperation was seen as a supplement to Chinese education, This bears both symbolic and practical meanings. Symbolically, this shows the governments attaches more importance to China's education opening up to the outside world and look at it as a legal and integral part of the whole education cause. Practically, it means the cooperative programs and institutions can enjoy the same treatment with their domestic counterparts. This is important to all stakeholders of co-operative programs.

Article 4 of the regulation says, "the legal rights and interests of Chinese and foreign cooperators in running schools and of Chinese-foreign cooperatively-run schools shall be protected by the laws of China. Chinese-foreign cooperatively-run schools shall enjoy preferential policies made by the State and enjoy autonomy when conducting educational activities in accordance with law". The core of the so-called legal rights is property right. Therefore, the regulation makes it more clear in chapter 5, Article 37, "during the period of their existence, Chinese-foreign cooperatively-run schools shall enjoy the property of legal persons on all their assets in accordance with law, and no other organizations or individuals may encroach on such assets". This is helpful to dispel the doubt of foreign cooperation partners.

The regulation has also clearly prescribed the duties and responsibilities of cooperation partners, including Chapter 1, Article 5, "Chinese-foreign cooperation in running schools shall abide by the laws of China, implement China's educational policies, comply with Chinese public ethics and shall not jeopardize China's sovereignty, security and public interests. Chinese-foreign cooperation in running schools shall meet the needs of the development of China's educational cause, ensure teaching quality and make efforts to train all kinds of talents for China's socialist construction". In Article 6, it says, "Chinese and foreign cooperators in running schools may cooperate to establish educational institutions of various types at various levels. However, they shall not establish institutions offering compulsory education service or special education services such as military, police and political education services." In addition, Article 7 says, "No foreign religious organization, religious institution, religious college and university or religious worker may engage in cooperative activities of running schools within the territory of China.

Chinese-foreign cooperatively-run schools shall not offer religious education, nor conduct religious activities".

The regulation has not only prescribed the rights and duties, responsibilities of cooperation partners, it
has also ordained the management sectors to monitor the realization of these rights and duties. For example, in chapter 2, Article 12st says, "An application for establishing a Chinese-foreign cooperatively-run school offering higher education for academic qualifications at or above the regular university education shall be subject to examination and approval of the education administrative department of the State Council; an application for establishing a Chinese-foreign cooperatively-run school offering specialized higher education or higher education for non-academic qualifications shall be subject to examination and approval of the people's government of the province, autonomous region or municipality directly under the Central Government where the proposed school is to be located."

In summary, the regulation is important to motivate further development of China's foreign cooperation to run schools, but it also has some shortcomings, lagging behind practical situations and even conflicting with WTO rules, if left room to be modified in the future.

In the following part, we will see three cases of China-foreign cooperation in running higher education institutions, so as we can see more detailed and micro side of the issue, positive and negative, the coexistence enthusiasm and tension.

5. Three Cases to show characteristics, achievements, and problems of China foreign cooperation in running higher education institutions

1) Ten years after its founding, CEIBS become the best business school in Asia - Case of China Europe International Business School

China Europe International Business School was founded in 1994 jointly sponsored by Shanghai municipal government and European Union. In 2002, in the rating of MBA full time curriculum, British Financial Times put China Europe International Business School (below will be simplified to call CEIBS) at 92 of world 100 best business school, the only one from mainland China to enter the list. Before that, in the rating of EMBA (MBA for on duty executive senior administrators) curriculum by the same newspaper, CEIBS ranked 29 in the world. In 2004, the same newspaper ranked CEIBS as 53 of the world 100 best, the number 1 in Asia.

In that ranking, CEIBS is super in graduate employability and salary, the employment rate three months after graduation is 96%, ranking second in the world. Three years salary increasing range reaches 194%, ranking third in the world, achieving the average weighed annual salary of 500,000 RMB Yuan (about $60,000).

Most of world-class business schools have more than one hundred year's history. How could a ten-year-old business school become famous so rapidly? What is the secret of this school's success?

2) For Sino-US friendship- Case of the Nanjing University-Johns Hopkins University Center for Chinese and American Studies

The Nanjing University-Johns Hopkins University Center for Chinese and American Studies is a well known cooperative entity which was established in 1986. The mission of the Hopkins-Nanjing Center is to develop and train professionals to provide leadership in managing successful bilateral and multilateral relationships involving China and the West in an increasingly complex international environment.

The center offers a one-year graduate-level program in Chinese and American studies, covering topics in international studies, economics, history, law, and related social science issues. It aims to cultivate talented people in the field of Sino-US bilateral affairs. In the center, American and International students focus on contemporary China in courses taught in Mandarin by Chinese professors, while Chinese students take courses form American faculty taught entirely in English. It is an ideal program, because it is really a two way system, a truly cultural and educational exchange program.

3) The marriage between politics and business-Case of Tel fort Business School in Beijing youth college for political sciences

4) A comparison and analysis of the three cases

The above three cases are typical; with each case representing a category of China-foreign cooper-
ation in running higher education institutions.

China Europe International Business School reflects the situation of booming China-foreign cooperative MBA education since the last ten years in China. The case is also the most successful, innovative and entrepreneurial one of the three cooperative programs. The most interesting characteristics of it is, the Chinese government invested a lot of money on the construction of the school, then let it go on its own way and enjoy full autonomy, out of the mainstream of higher education system of the country, tolerating its existence as "a special educational zone". It is not easy and really a great deed of the government to do this. In summary, the support and funding from the government, its internationalization strategy, its business like operation mechanism, its fitness to the demand of China's economic development, its strict quality control policy and it's mechanism for internal management are five key factors for its great success.

However, it also shows the limitation and cautious attitude of the government. With all its success, the school is still adding on rather than integrating part of the existing system. We can infer further, the whole China foreign cooperation in running school is still added on, rather than being an integral part of the mainstream higher education system.

More specifically speaking, it reflects that the educational service, trade and market value are still outside of the mainstream system. Although most people in higher educational circles are welcoming and enthusiastic to test these ideas, the central government educational administrators are more cautious to these ideas, reluctant to change the existing regime.

In addition to that, the CEIBS case shows the support from the government is very important to the success of China's foreign cooperation. This is a national characteristic of China. Even though there is a market, it could not a pure market. It's like in the Japan case, called Management capitalism. In China, it's called "official standard" (Guan Benwei).

The second case, Nanjing University-Johns Hopkins University Center for Chinese and American Studies also is very successful. This cooperation has lasted for twenty years, symbolized the gradual strengthening but uneven road of the exchanges and relationship between China and the US. Like CEIBS, it's supported and attached high importance by both governments and both societies of China and U.S., and in this case, both universities.

The characteristics of this cooperation are, a social science program not easy marketable, a truly non profit cooperation, an identity under the leadership of the university, an integral part of the system and a real two way exchange and cooperation program.

The difference between CEIBS and this program lies in, CEIBS is out of mainstream, and this one is in the mainstream. Therefore, this program enjoys less autonomy than CEIBS does, let alone business like operation. Actually, this program is not economical calculated according to cost benefit.

However, both programs are effective educa-

<table>
<thead>
<tr>
<th>Cooperative Program</th>
<th>Began Year/Level</th>
<th>Market &amp; Gov. Role</th>
<th>Curriculum Internationalization</th>
<th>Quality Control Policy</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. CEIBS</td>
<td>1994/MBA level</td>
<td>Market orientation, Gov support</td>
<td>90%</td>
<td>Quality control of student, teacher and curriculum</td>
<td>Entrepreneur, innovative, independent, business like</td>
</tr>
<tr>
<td>b. NU-JHU CCAS</td>
<td>1984/Social science graduate level</td>
<td>Non market, Gov support</td>
<td>90%</td>
<td>Not clear</td>
<td>Two ways, integral part of the system, Not efficient.</td>
</tr>
<tr>
<td>c. Tel Fort of Beijing</td>
<td>2001/Vocational college level</td>
<td>Half in, half out of market, Gov support</td>
<td>50%</td>
<td>Selection after admission</td>
<td>Transitional, integral part of the system</td>
</tr>
</tbody>
</table>

*Note: The extent of curriculum internationalization in Tel Fort of Beijing is lower partly because the inadequacy of student English proficiency, partly because the domestic curriculum requirement in vocational college level.
tionally, whether it's business like or not. Both programs bring up internationalized talents. Both are best examples of successful international cooperation.

The third case, Tel fort Business School in Beijing Youth Political Science College is an interesting case, because it shows even in the heartland of communism political ideology, business idea is popular and welcomed. In this case, a particular issue can be picked up from the so called "in national plan" (Jihua Nei) and "out of national plan" (Jihua Wai) admission. The student number of in plan admission is controlled by Beijing municipal government, these students usually should pass a benchmark score line in the National Unified university entrance examination. The government provides funding to the college according to this number. The student number of out of plan admission can be determined by the college. The candidate may need a much lower score line, or no line at all, only if they can afford the high tuition fee. But when both kind of students graduate; they get unified qualification awarded by ministry of education.

This is a unique phenomenon of Chinese reform and transitional period from planned economy to market economy. It's not certain how long it will maintain for this double track admission. But it's certain that this kind of double track admission is unfair to some groups of the society (those able students but not financially able).

Another issue is the high tuition fee for this junior college level education (although it is half internationalized curriculum, of its own value), even much higher than very prestigious undergraduate education. As is common sense, in the real market, high quality education charges higher prices, but it's not the case here. That means in China, there is not a real market for education yet. The unreasonable high price charged by this program is unfair to those students, too.

The following is a summary of the key characteristics of the above three programs.

The whole name of cooperation programs:

a. China Europe International Business School (CEIBS)

b. The Nanjing University-Johns Hopkins University Center for Chinese and American Studies
c. Tel fort Business School in Beijing Youth Political Science College

6. Discussion for some major issues

1) The estimation and expectation to the influences (positive and negative) of WTO accession to Chinese higher education

Most Chinese scholars in educational circle feel quite enthusiastic and optimistic to the WTO accession, although top level policy makers are much more cautious. The scholars think the benefit and positive effect brought about by WTO accession is far beyond the cost and negative effect. A typical view is, China foreign cooperation in running schools is not an aim in itself, its final aim is to consummate and strengthen Chinese higher education. The substance of China's foreign cooperation, is to give up partial market of the nation's education service, to introduce foreign high quality educational resources, to increase the diversity and selectivity of education supply, to use for reference of beneficial teaching and management experiences, promote the level of academic construction and faculty, to push forward the educational reform, and to cultivate more and better talents for the country.

2) The idea of education sector as an industry, educational market; China has regarded education as an enterprise all through the ages. In 1999, the third national education conference brought forward the concept of "educational industry", which was already quite generally accepted internationally. As far as the idea of "educational market", we cannot find any official document in China to confirm its existence. But with the WTO accession, many people in China indirectly acknowledge it by the rule of the WTO listing education as a service trade.

With the practical acceptance of "educational market" idea, the universities in China universally introduce the concepts such as "marketing" consciousness, "student customer" consciousness, even the
words "foreign language economy". They think the university is selling knowledge products; students are patrons to buy these products.

People optimistically believe, this can change to the core "teaching orientation", "teacher center", "theoretic knowledge focus" etc, bring the reform of teaching material, methodology, and instruments, and more generally, talents cultivation model, and school management model.

Therefore, cooperative running school programs can set up models for public universities, and bring pressure for reform. These programs not only function as bridges and link for education international exchanges and cooperation, but also provide an experimental platform for educational reform.

The industrialization tendency of China's foreign cooperation is more and more apparent. This is embodied in the program's way of operation. For example, the cooperative institutions actively pursue the trademark and revenue of running a school, the enlargement of cooperation with industry and the admission scale, teaching is oriented towards industry activities, etc. This makes these institutions' budget statuses much better.

3) Education Legislation Lags behind reality.

At present, the Educational Law of China prohibits any organizations and individuals to run a school for the purpose of making profit. Therefore, its lower level law -Civilian Run Education Promotion Law defined civilian run education as an undertaking beneficial to public interests. The Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools also defined Chinese-Foreign Cooperation as an undertaking beneficial to public interests, this does not accord with practical demand of education service development and for profit nature of commercial presence. It's unfavorable to maintain the equality and equity, because undertaking for public interest does not eliminate the practicality and possibility of making profit. If cooperative programs enjoy preferential treatment for public undertaking at one side, making profit at another side, this is unfair to other public interest institutions. It's not favorable to fair competition in education service sectors.

7. Conclusions:

The WTO/GATS accession brings China benefits and disadvantages, opportunities and challenges. The opportunities are China's higher education will further opening up to learn from foreign experiences, attracting overseas quality educational resources to supplement the lack in China, introducing new competition mechanisms to the higher education sector, promoting higher education administrating and government rule of law. But the challenges are also arduous: how to maintain educational sovereignty and autonomy, how to copy with exacerbating market competition, widening the gap between east and west areas of the country, preventing the phenomena of disregarding schooling quality, over issue of certificates, etc. These all are not easy tasks.

Although most of the people in the country hold rather positive expectations to the change, there are practically many tensions and problems that exist. From our general description of the development tendency and the three case studies, we can draw the following conclusions:

The overwhelming support and optimal enthusiasm to educational market ideas and China's foreign cooperation expressed by universities, contrasted with the existing planed higher education system. This induced the transitional characteristics of China's higher education market, actually half planned, half market. On the one hand, universities appear more autonomous, loosing the centralized unified administration, including control of admission scale, employing faculties, planning curriculum, awarding certificates and degrees, etc. On the other hand, many scholars also advocated more regulated market, such as quality assurance, monitoring and evaluation of systems, etc.

The tension between the fast growing educational market reality and the laged behind regulation and legislation. In practice, many cooperative programs have surplus from their operations, making use of market approaches in management, but the early
2003 issued regulation still defined cooperation programs as undertaking for public interests. Compared to 1995 temporal regulation, the new regulation was a progress for erasing the sentence "China foreign cooperation in running school......can not aim at making profit", but it still lagged behind practice. This situation will hinder and harm the progress of China's foreign cooperation. For example, the inaccurate definition for China's foreign cooperation will lead to unfair competition between these cooperative institutions and public universities.

Whether cooperation can be successful or not depends on many factors. We can summarize the followings:

1) The support and even sponsorship of the government is extremely important. In China, like the situation in Japan, exists a kind of management capitalism, even when the market is mature, the role of the government will change and strengthen rather than disappear and weaken. All the three cases we described were supported by governments. The best situation is supported and even funded by the government and gives it full autonomy and leaves it alone, like the first case, CEIBS.

2) The mixture of plan and market admission is the best policy to most cooperative programs at present.

3) Due to inadequacy of student's English proficiency, the requirement of domestic curriculum, the extent of curriculum internationalization should be moderate.

4) Technically speaking, the proper selection of cooperative counterparts and specialties is very important; domestic partners' academic level, international experience and the ability to understand correctly the culture differences between China and foreign countries, etc.

5) Ensuring interests of both sides. In the cooperation, the two sides should strictly obey the agreement. In order to sustain long term benefit and interest, in the conflict of temporal and part benefit, the two sides should communicate and negotiate to solve problems, making certain concessions if it's necessary.

6) Dealing with culture difference properly. Because there are big difference between social systems and cultures of China and foreign countries, the inconsistency in cooperation is inevitable. China's political culture orientation and western country's commercial culture orientation should coexist peacefully.

7) Understanding each side's survival environment. In China, the operation of the university relies on planned admission and policy controlled by government, and managed by administrators. In western countries, the university mainly relies on the market to survive, admitting certain number of non-degree students to guarantee funding. That's why we should rely on the mixture of plan and market.

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