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## *The politics of NGO development in China*

### **Abstract**

Since the beginning of reform in the late 1970s, the non-governmental sector in China has burgeoned. This paper analyses its development. It begins by examining competing theories regarding the political impact of the NGO sector. Political scientists employing pluralist or civil society approaches suggest that the development of NGOs is an important force in creating pressures for democratisation. In contrast, those employing a corporatist framework seek to illuminate the mechanisms which the state can use to limit and control the political impact of NGOs. The paper also examines the advantages and disadvantages of close state involvement for the impact of NGOs on socio-economic development. It explicates the legal and regulatory framework for NGOs in China in order to illustrate the ways in which the state seeks to preempt and coopt the formation of autonomous organisations, lending support to the corporatist interpretation. The paper includes case studies of NGOs based on interviews with representatives of NGOs and regulatory organs, published documents and press reports. It places China's contemporary experience with non-governmental organisations in context by comparing it with associational life in traditional China, in developing countries in general, and in communist countries in particular. Finally, the paper analyses the significance of the economic reforms and the impending political succession for NGO development.

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### **I. Introduction**

The landmark Third Plenum of the Eleventh Central Committee of the Chinese Communist Party (CCP) in December 1978 signalled the beginning of a process of reform and opening which was intended to tap the sources of initiative and creativity within Chinese society. The

burgeoning non-governmental sector in China is in part a product of this process. The 1984 Decision on Reform of the Economic Structure, which brought with it significant decentralisation of economic and political control, has created the conditions for even greater expansion of the non-governmental sector (Central Committee of the Communist Party of China, 1984). Economic reforms have opened new channels of financial support for non-governmental organisations (NGOs) and have expanded the availability of goods and services on the open market, thereby increasing the kinds of activities which can take place outside the state sector. Societal initiative is evident especially in the few truly independent NGOs which have formed to reflect interests and needs autonomous from the state. At the same time there has been a great proliferation of associations, foundations and institutes, also commonly referred to as NGOs, which are essentially extensions of the government itself. According to estimates by the Ministry of Civil Affairs, there are presently almost 2,000 NGOs at the national level and over 100,000 at the local level (Liang, 1990, p.36). While these organisations are indicative of a gradual transition from a monolithic state towards diverse organisational forms and purposes, they are not necessarily harbingers of democratisation. The tradition of bureaucratic control in China remains a prominent feature of associational life, and the more politicised elements of the NGO community remain particularly vulnerable to shifts in the political winds.

This paper argues that the NGO phenomenon in China reflects an attempt on the part of the government to divest itself of some of the burdens of socio-economic development without at the same time sacrificing significant political control.<sup>1</sup> Michael Bratton suggests that the state-society relationship may be characterised as one of either engagement or disengagement sponsored by either state or society (Bratton, 1989a, p.425 et seq.). Victor Azarya, from whom Bratton borrows the concept of engagement, also points out that these patterns of state-society relations need not be considered mutually exclusive; rather, they can be adopted by the same state 'with regard to different groups or spheres of activity' (Azarya, 1988, p.17).<sup>2</sup> Within this framework, the NGO phenomenon in China is best characterised as state-sponsored engagement in the political sphere and limited disengagement in the socio-economic sphere. Although to some extent the concepts are related both analytically and empirically, this paper distinguishes the impact of non-governmental organisations on political development from their impact on socio-economic development.

Section II examines competing theories regarding the political impact of the non-governmental sector. Political scientists employing pluralist or civil society approaches suggest that the development of NGOs is an important force in creating pressures for democratisation. In

contrast, those employing a corporatist framework seek to illuminate the mechanisms which the state can use to limit and control the political impact of NGOs. Section III examines the advantages and disadvantages of close state involvement for the impact of NGOs on socio-economic development. The following section describes the legal and regulatory framework for NGOs in China in order to illustrate the ways in which the state seeks to preempt and coopt the formation of autonomous organisations, lending support to the corporatist interpretation. Section V presents several case studies, reflecting the range of NGOs found in the Chinese context, and evaluates their impact on both political and socio-economic development. Section VI places China's experience with non-governmental organisations in context by comparing it to associational life in traditional China, in developing countries in general, and in communist countries in particular. Section VII concludes the paper with an assessment of the possible directions for the development of the third sector in China.

The findings reported in this paper are based on interviews with representatives of government agencies and non-governmental organisations conducted during the summer of 1989.<sup>3</sup> The interpretations presented here reflect a number of biases inherent in the research. It was not possible to identify the entire population of NGOs in China; therefore the organisations selected for interviews do not constitute a random sample. Moreover, the interviews on which the findings are based were conducted only in Beijing and Shanghai; thus, the organisations represented are overwhelmingly urban and elite in nature. However, as Bratton notes in the African context, 'the most autonomous forms of NGO are usually found at the local level where small community groups organise on a base of local resources. There is a wealth of spontaneous and collective voluntary action in African rural areas' (Bratton, 1989b, p.581). Thus, the conclusion that NGOs in China lack autonomy may be overly pessimistic because of the urban bias in the sample on which it is based. In order to compensate for the lack of data on rural, grassroots organisations, the paper refers where possible to other sources to suggest the role and nature of these NGOs.

A note on the use of the terms non-governmental organisation and voluntary association — used interchangeably here — is also in order. Bratton identifies several definitional characteristics of NGOs: NGOs are committed to organisational autonomy; they are organised on the principle of voluntarism; and they seek to mobilise 'popular energies in support of community goals' (Bratton, 1989b, p.574). Although the term NGO is used throughout the paper, the autonomy, voluntarism and activism of the organisations described must be taken as an empirical question to be answered for each case.

## II. Impact of NGOs on political development

Recent work in the pluralist tradition in political science has focused on the role of voluntary organisations in creating pressures for democratisation, in both the communist and non-communist countries of the developing world (see Huntington, 1984; O'Donnell and Schmitter, 1986; Diamond et al., 1990). According to these works, NGOs perform numerous functions in fostering the development of pluralism. These organisations offer an alternative means for articulating interests and expressing demands to the government. In addition, they provide 'training grounds for democracy' by encouraging participation in and commitment to the system, by promoting a sense of political efficacy, and by providing a recruitment mechanism and leadership experience for potential political leaders (Diamond, 1989, p.148). Furthermore, voluntary associations 'check the relentless tendency of the state to centralise and expand its power and to evade civic accountability and control' (Diamond, 1989, p.148). To the extent that NGOs increase the ability of citizens to organise themselves independently from the state, they contribute to the emergence of a pluralist system. Moreover, a strong non-governmental sector often indicates acknowledgement on the part of the government that some social functions are outside its legitimate purview.

However, the theory linking associational life to pressure for democratisation rests on the assumption of autonomy on the part of the groups in question. According to Robert Dahl, pluralism refers to 'organisational pluralism, that is, to the existence of a plurality of relatively autonomous organisations within the domain of the state' (Dahl, 1982, p.5). Thus, the core elements of the theory are that citizens have the ability freely to form and to join formal organisations which express a diversity of interests and that these organisations are relatively autonomous. Autonomy is defined as the *absence* of 'relation(s) among actors such that the preferences, desires, or intentions of one or more actors bring about conforming actions, or predispositions to act, of one or more other actors' (Dahl, 1982, p.16). If organisational autonomy is undermined, therefore, these organisations cannot perform the functions enumerated above which theoretically contribute to democratisation.<sup>4</sup> Sections IV and V, below, examine questions of NGO initiation, regulation, funding, and leadership selection in order to determine the extent to which these factors permit encroachments on NGO autonomy.

Scholars employing the pluralist approach recognise the importance of autonomy to the theoretical link between associational life and democracy.

As a strong and autonomous associational life may buttress or foster democracy, so the absence of a vigorous sector of voluntary associations and interest groups,

or the control of such organisations by a corporatist state, may reinforce authoritarian rule and obstruct the development of democracy' (Diamond et al., 1990, p.23; see also Franz, 1987, p.123).

However, the predominance of mechanisms undermining the autonomy of associational groups in China suggests that pluralism is not an adequate framework for understanding the role of NGOs in the Chinese case.

A corporatist framework is useful in that it highlights the mechanisms which the state can use to limit and control the political impact of NGOs. Philippe Schmitter defines corporatism as:

a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports (Schmitter, 1979, p.13).

No system necessarily corresponds to the ideal-type on all dimensions. Rather, Schmitter offers the definition to provide an alternative to the assumptions of pluralist theory. As a theory of state-society relations, corporatism asserts different consequences than does pluralism for the organisation of groups, the nature of their interaction with the state and their degree of political influence. Corporatism suggests that the state is likely to coopt organisation leaders, to preempt the articulation of demands by establishing organisations in certain key issue areas, to engage in 'clientelistic and patrimonialist practices', and to use 'physical repression and anticipatory intimidation' (Schmitter, 1979, p.19).

With respect to NGOs in particular, Bratton's typology of strategies of government control — monitoring, coordination, cooptation and dissolution — closely resembles the corporatist framework laid out by Schmitter (Bratton, 1989b, pp.576-80). In this context, monitoring refers to government registration of NGOs. As Brown and Korten point out, In countries where [voluntary organisations] are encouraged this is a *pro forma* procedure involving a few straightforward requirements. In less receptive countries controls over registration can become a serious barrier to the formation of [voluntary organisations] (Brown and Korten, 1988, p.8).

Coordination is the attempt by government officials to incorporate the activities of independent NGOs into government plans. However, such an effort often results in 'over-centralised decision making, bureaucratic delay, and the suffocation of badly needed private initiative' (Bratton, 1989b, p.578). Cooptation refers to the incorporation of autonomous

NGOs into official organisations sponsored and controlled by the government. Finally, dissolution encompasses government actions, ranging from cancellation of specific activities and forced reorganisation to arrest of NGO leaders and closure of their organisations. As the discussion of China's regulatory framework in Section IV and the case studies in Section V show, the Chinese government has instituted a similar set of corporatist policies in order to preclude any democratising impact on the part of NGOs.

### III. Impact of NGOs on socio-economic development

In contrast to the centrality of organisational autonomy in any assessment of the contribution of an NGO to political development, autonomy is not necessarily essential for an NGO to contribute to socio-economic development. Indeed, some measure of interdependence between government and NGOs may be functional for achieving a positive socio-economic impact (Esman and Uphoff, 1984; Brown and Korten, 1988). Government participation is particularly important to NGO development efforts in a planned economy characterised by bureaucratic allocation of goods and services. Section IV, which describes the regulatory framework faced by NGOs in China, discusses the functional aspects of government affiliation in detail. In Chinese parlance, organisations which lack autonomy may be thought of as furthering the diversification (*duoyanghua*) of society but not its pluralisation (*duoyuanhua*).

NGOs provide an alternative, or in many cases a supplement, to government provision of goods and services. This function is particularly important to the process of reform in socialist systems, in which governments previously dominated virtually all aspects of economic and political life. In China, alternative organisations have emerged in the fields of health, education and credit, reflecting the government's inability to meet fully the demand for these services. For example, small-scale entrepreneurs in Wenzhou, Zhejiang Province have begun to engage in the traditional practice of forming informal credit groups, because they have been unable to obtain financing from state-run banks (Yuan, 1987, p.103). This case also demonstrates that NGOs can sometimes avoid the inflexibility characteristic of government bureaucracies. In another case, farmers in many of the poorer areas in China have established associations for the irrigation of crops; small groups like these are able, through face-to-face contact, to overcome the free-rider problem associated with the provision of public goods (Olson, 1971, pp.32-4). Even in cases in which an NGO is initiated and funded by the government (such as the China Population Welfare Foundation, discussed below), the organisation can mobilise people who otherwise

would not participate in the development effort (Brown and Korten, 1988, pp.16–17). Finally, NGOs can also attract the support of international organisations not in the business of aiding governments directly.

However, from another perspective, dependence on government can undermine an NGO's distinctive contribution to development. Brown and Korten define development as the creation of institutions that can effectively mobilise and employ local resources to achieve community-defined goals over the long term (Brown and Korten, 1988, p.9). Thus, they emphasise the importance of genuine commitment to values on the part of NGOs.

The key to the effectiveness of the [voluntary organisation] as a force for social innovation is found in a combination of its independence and its value-driven commitment to realising its own particular vision of a better world. . . . The formation of a [government-organised NGO] seldom reflects a spontaneous expression of a shared value commitment . . . . The motives in forming such organisations may be positive, and they may serve useful social functions, but they are unlikely to serve as consequential agents of social innovation (Brown and Korten, 1988, pp.19-21; for a similar critique by two Chinese analysts, see Yan and Wang, 1989, p.3).

Government control of NGOs may alienate the very people NGOs seek to mobilise into the development effort. Therefore, Korten suggests that the challenge for NGOs is to tap government resources while maintaining their organisational autonomy (Korten, 1987). However, as Bratton notes, government funding for NGOs is usually minimal and allocated only to 'quasi-NGOs' defined as 'publicly-sponsored NGOs which are the organisational affiliates of government ministries' (Bratton, 1989b, p.579). Overall, NGO links to government are not necessarily negative. Nevertheless, they clearly contribute more to the socio-economic impact of NGOs than to their political impact, and, as Brown and Korten point out, even the socio-economic impact of NGOs can be undermined by excessive dependence on government.

#### IV. The legal and regulatory framework for NGOs

Most non-governmental organisations in China are governed by the Regulations on the Registration and Management of Social Organisations (*Shehui tuanti dengji guanli tiaoli*), promulgated by the State Council in October 1989 (Guowuyuan, 1989, p.6). A more comprehensive social organisations law (*shetuan fa*), which will specify the rights and responsibilities of these groups, has not yet been promulgated. The drafting of this law, presently underway, involves representatives from the CCP and the government as well as from the academic community. This section, after identifying the specific types of organisations subject to these

regulations, explicates the mechanisms employed by the government to control non-governmental organisations.

### *The meaning of shetuan*

In official Chinese usage the term *shehui tuanti* or *shetuan* (literally translated as social organisation) is meant to convey the notion of a non-governmental organisation. Prior to 1978, the most prominent social organisations were mass organisations (*qunzhong tuanti*), such as the All-China Federation of Women, the Chinese Association for Science and Technology, the Chinese Federation of Literary and Art Circles, and the Chinese Writers' Association. These highly-bureaucratized, hierarchically-organised, national organisations perform mobilising and socialising functions, and their intimate relationship with the party-state is highlighted by the fact that their leading positions are listed on the *nomenklatura* of the CCP Central Committee (Burns, 1987, pp.40, 44).<sup>5</sup> However, in recent years other types of NGOs have emerged, including foundations (*jijinhui*) and private non-profit research institutes (*minjian yanjiusuo*), schools (*minban xuexiao*) and hospitals (*minban yiyuan*). During the same period, the number of associations (*xiehui*) has increased dramatically.

As a result, exactly what the concept of *shetuan* includes today is debated by the regulators themselves. According to the State Council Legislative Affairs Bureau (*Guowuyuan fazhiju*), there exists no agreed-upon formal definition of social organisation, and vigorous debates have arisen over even the broad categories to be included. For example, debate has occurred as to whether the non-Communist 'democratic parties' should be included — at least nominally — in the legal definition of *shetuan*, but they are explicitly not included in the current regulations.<sup>6</sup> Similarly, religious groups were governed by the 1950 Interim Provisions on the Registration of Social Organisations (*Shehui tuanti dengji zanzheng banfa*) but do not appear in the current regulations. Since 1950, the regulatory framework for religious organisations has evolved separately from other types of *shetuan*. The State Council Religious Affairs Bureau (*Guowuyuan zongjiao shiwu guanliju*) oversees the organisations of China's five official religions. At the same time, the Communist Party exercises control over religious groups through its management of personnel appointments. The leading positions in national religious organisations — including the Buddhist Association of China, the China Islamic Association, the Three-Self Patriotic Movement Committee of Protestant Churches, the Christian Council of China, the China Patriotic Catholic Association, the National Administrative Commission of the Chinese Catholic Church and the China Daoist Association — are all appointed through the party *nomenklatura*.<sup>7</sup>

Current Chinese administrative practice makes a distinction between *shetuan* and certain kinds of organisations which are also considered NGOs in Western usage. Consistent with Western usage, Chinese administrative practice classifies associations (*xiehui*) and foundations (*jijinhui*) as *shetuan*. However, research institutes, schools and hospitals belong to the separate administrative category of non-profit institutions (*shiye danwei*) which includes both state-run and private institutions.<sup>8</sup> This categorisation only increases the confusion surrounding the legal/administrative status of NGOs, because there is some indication that *private* non-profit research institutes, their categorisation as *shiye danwei* notwithstanding, are considered to be social organisations for some administrative purposes. Liu Baoqi, director of the Social Organisations Department of the Ministry of Civil Affairs, has stated that social organisations include 'societies, federations, research institutes, friendship and commercial societies and the like' (Liang, 1990, pp.35-36). In addition, the authors of one article in the official *People's Daily* (*Renmin ribao*) suggest that the future promulgation of the social organisations law (*shetuan fa*) will be a major step toward guaranteeing the legal status of private research institutes (Huang and Zhang, 1989, p.5).

Finally, some Chinese commentators have referred to residents' committees (*jumin weiyuanhui*) as basic-level autonomous mass organisations (*jiceng qunzhongxing zizhi zuzhi*).<sup>9</sup> These neighbourhood organisations are territorial bodies which are not part of the formal governmental hierarchy but which perform many government functions. According to Martin Whyte and William Parish, 'The residents' committees and small groups are not voluntary associations or community advocacy groupst . . . The entire structure is mandated by law and administered firmly from above, even though the lowest level leaders are not paid officials' (Whyte and Parish, 1984, p.24). Therefore, residents' committees will not be considered here. The paper focuses primarily on *shetuan* and those private, non-profits which fall under the rubric of *shiye danwei*.

### *The guikou and guakao relationships*

Regardless of the particular categorisations, there are certain administrative procedures that apply to associations, foundations and non-governmental research institutes alike. These procedures are the basis of the corporatist controls over NGOs exercised by the Chinese government. In August 1988, as part of the structural reforms being implemented throughout the government, the State Council established the Social Organisations Department (*Shetuansi*) of the Ministry of Civil Affairs (*Minzhengbu*); its mandate is to formulate and implement a legal basis for the regulation of *shetuan*. The Ministry of Civil Affairs

is primarily responsible for registration procedures and compilation of statistics. Its self-described function is macro-management, while initial approval and day-to-day control are left largely to the government professional bureaux (*yewu guikou bumen*).

In order to be able to register with the Ministry of Civil Affairs and to open accounts at state banks, each social organisation must first receive approval from a government bureau which exercises professional leadership and guidance in its field. This *guikou* bureau — for example, the State Education Commission in the case of national level associations in the education field — is responsible for determining the suitability of any given social organisation within its bailiwick. This bureau has broad discretion in its examination, although it must minimally investigate the conditions set forth by the Ministry of Civil Affairs. One key determinant of *unsuitability*, according to the 1989 regulations, is the prior existence of an 'identical or similar social organisation' in any given jurisdiction (Guowuyuan, 1989, Chap. III, Art. 16, p.6). A noteworthy example is the existence of officially-approved student unions, which precluded the legal formation of the Federation of Autonomous Students' Unions (*Gaoxiao xuesheng zizhi lianhehui*) in Beijing. This stipulation provided the basis of Mayor Chen Xitong's attack on the Autonomous Students' Union on June 30, 1989: 'ignoring the relevant regulations of the Beijing Municipality and without registration, they formed an illegal organisation, the 'solidarity student union' (later changed into the 'federation of autonomous student unions in universities and colleges'), and seized power from the lawful student unions'.<sup>10</sup> Fan Baojun, vice minister of civil affairs, later put the case of the Autonomous Students' Union explicitly in the context of the new regulations. In announcing their promulgation, he commented that, 'Some illegal organisations have already caused severe damage to the state and the party, such as the Autonomous Students' Union which stirred up anti-revolutionary rebellion in Beijing last spring' (Liang, 1989, p.20). On the basis of these regulations, government-sponsored organisations preempt the formation of more autonomous groups, and as Schmitter suggests in his definition of corporatism, those organisations licensed by the government thereby achieve a monopoly in the representation of societal interests. The regulations prohibit social organisations from 'jeopardising the interests of the state, society, and collective' and exhort them to 'uphold the unity of the nation' (Guowuyuan, 1989, Chap. I, Art. 3 and Chap. VI, Art. 31, p.6). Furthermore, it is the Ministry of Civil Affairs which is charged with interpreting the interests of the state. In this way, the state clearly limits 'the articulation of demands and supports' on the part of societal groups as suggested by Schmitter. The flexibility of social organisations also is limited by the stipulation that activities not explicitly sanctioned by the organisation's charter are prohibited.

Violation of the regulations or failure to register constitutes grounds for 'warning, suspension, termination of registration, legal prosecution', or 'dissolution' (Guowuyuan, 1989, Chap. V, Arts 25, 26, p.6).

The Ministry of Civil Affairs has made it clear that it intends to use the 1989 regulations to weed out inappropriate organisations that emerged before the regulations came into force. Under the new regulations all social organisations must register or re-register with the ministry. According to one report, 'the periodicals some organisations publish are carriers of bourgeois liberal ideas and unhealthy substance; some organisations resembling secret societies have been resurrected; and some organisations use their names to undertake illegal activities' (Hu, 1990, p.3). All of these organisations are slated for disciplinary action or dissolution. The case of the Beijing Institute for Research in the Social and Economic Sciences (below) provides an example of the persecution of NGOs on political grounds.

Once the *guikou* bureau approves the establishment of a social organisation, control by that bureau is often quite severe. The professional relationship (*yewu guanxi*) stipulated by the regulations often becomes a leadership relationship (*lingdao guanxi*) (see Yu, 1989, p.1). The distinction is significant, because professional relations imply that non-binding guidance from the superior unit can be modified or even ignored, while leadership relations imply that any directives from the superior unit are binding. (On the distinction between leadership and professional relations, see Lieberthal and Oksenberg, 1988, pp.148–9.)

A related requirement faced by social organisations in China — indeed, by all non-state organisations whether voluntary organisations or private commercial enterprises — is that the organisation be affiliated with an official counterpart (*guakao danwei*). These counterparts are usually government organs, although in a few special cases associations or other 'umbrella' organisations can also function in this capacity. In many cases, the NGO must pay an annual 'management fee' in order to secure a government counterpart. This affiliation gives the organisation the bureaucratic identity necessary to function in the highly bureaucratised environment of the Chinese political economy. Many essential goods and services are distributed through bureaucratic as opposed to market channels; for example, NGOs need government counterparts in order to gain access to housing or office space. In addition to office space, government counterparts often provide at least partial funding as well as part-time staff members for affiliated social organisations. Social organisations also lack the authority to handle many bureaucratic procedures, such as authorisation for foreign travel, without the help of their *guakao danwei*. Thus, as noted in Section III, affiliation with a government counterpart is important for an NGO's effective operation; nevertheless, *guikou* and *guakao* relationships are perceived within the

NGO community in China as imposing subordinate status on and limiting the independence of social organisations. One commentary published in the Chinese media attacks the bureaucratisation of NGOs in China, particularly the use of the *guakao* system and the practice on the part of party and government officials of holding concurrent posts in so-called non-governmental organisations or on their governing boards. This practice, the authors say, causes *shetuan* 'to lose their characteristic unconventionality and flexibility to the extent that they become no different from administrative organs (of the state)' (Yan and Wang, 1989, p.3). Indeed, the government counterpart is responsible for approving the NGO's choice of both leaders and activities. Moreover, those independently-initiated organisations which are unable to find a government counterpart willing to sponsor them are precluded from attaining legal status. This situation creates an incentive for social organisations to anticipate the kinds of leaders and policies which will be acceptable to their government counterparts.

### *Funding*

Funding represents a major challenge for all types of social organisations. This section addresses, in turn, the problems of associations, foundations and research institutes. According to the 1989 regulations, social organisations are prohibited from engaging in 'profit-oriented commercial activities' (Guowuyuan, 1989, Chap. I, Art. 4 and Chap. V, Art. 25, p.6).<sup>11</sup> Therefore, most associations depend on their *guakao danwei* for the vast majority of their funding. In some cases associations have turned conferences and other organised activities into money-making ventures for the association, but it is unclear whether this kind of fund-raising is acceptable under the current regulations. Another problem which has surfaced is that many 'donations' made to social organisations are compulsory rather than voluntary in nature. *Social Security News (Shehui baozhang bao)*, published by the Ministry of Civil Affairs, recently reported the complaints of a large enterprise manager in Sichuan Province who had been asked to join a number of associations, each of which had requested a contribution of thousands of *yuan*. The implication of his remarks was that if he did not join (and contribute), his firm would suffer at the hands of the associations' organisers (Yu, 1989, p.2). Similarly, organisations have formed delegations headed by local political officials to solicit 'voluntary contributions' from local enterprises for the funding of associations and foundations. In other cases, contributions are motivated by connections (*guanxi*) or by simple administrative fiat.

Foundations, because of their special financial concerns, are governed

by the 1988 Provisions on the Management of Foundations (*Jijinhui guanli banfa*) in addition to the 1989 regulations on social organisations (Guowuyuan, 1988, Art. 6, p.2). Foundations must receive approval from the People's Bank of China (*Zhongguo renmin yinhang*) before applying to the Ministry of Civil Affairs for registration. The Bank's main criteria in approving foundations are that they have a social service orientation and a solid source of funds, and the regulations stipulate a minimum capital requirement of 100,000 *yuan* (approximately \$25,000 US). The People's Bank also strongly encourages foundations to seek funding from abroad. Indeed, one foundation reported that it could not open a foreign exchange account using foreign exchange obtained from domestic sources; this incident supports the widely-held view that foundations are a means for attracting greater amounts of foreign capital to China, rather than a means for mobilising domestic resources.<sup>12</sup>

The 1988 provisions state that a foundation may 'raise funds both domestically and internationally from enterprises, institutions, social organisations, and other organisations as well as from individuals who are enthusiastic about the foundation's activities and goals' (Guowuyuan, 1988, Art. 4, p.2). However, the regulations do not address issues surrounding the taxation of donations, nor does there appear to be a consistent practice in this regard. A state enterprise, with the approval of its professional bureau, may be allowed to make donations for public purposes (*gongyi*). In such instances, the donation is treated as a cost to the enterprise and is therefore tax-exempt. The same practice does not appear to apply to private or collective enterprises, however. At least in some cases, private and collective enterprises have made contributions (for public purposes) out of after-tax profits. By contrast, individuals who are wealthy enough to pay income taxes appear to be allowed to make public contributions from pre-tax earnings, thus achieving a tax benefit similar to that enjoyed by state enterprises. However, practices vary on a case-by-case basis and are therefore not generalisable. Furthermore, regardless of the tax implications to the donor, representatives of organisations interviewed overwhelmingly attribute the act of contributing to personal connections (*guanxi*) with the donor.

In managing their capital, foundations appear to enjoy certain preferential policies not reflected in the 1988 provisions, such as special bank interest rates which range from 15 to 30 per cent higher than those offered on accounts held by government units. Unlike government units, foundations may purchase stocks, which offer higher returns. This privilege is based on the principle, not always realised in practice, that foundations do not rely on state funds.

Creative financing practices abound, and the financial practices of the first foundations to be established have influenced the subsequent

regulation of foundation behaviour. Two of the earliest foundations, the Soong Ching Ling Foundation (*Song qingling jijinhui*) and the China Welfare Fund for the Handicapped (*Zhongguo canjiren fuli jijinhui*), approved directly by the State Council in 1982 and 1984 respectively, established commercial enterprises (*qiye danwei*) as tax-exempt subsidiaries within their organisations. However, the authorities regarded this practice as a new form of tax evasion, and their concern was exacerbated by the lack of any procedure for independent auditing of the use of funds. As a result, the foundation regulations, promulgated after the establishment of these two foundations, prohibit foundations from engaging in any profit-oriented, commercial activities. Both the Soong Ching Ling Foundation and the Welfare Fund for the Handicapped are being forced to dispossess themselves of any remaining commercial subsidiaries. The 1988 provisions require that all foundations submit annual financial reports to the People's Bank of China and undergo bank supervision (Guowuyuan, 1988, Art. 12, p.2).

When the 1988 provisions were first issued, approval and registration of provincial and municipal level organisations took place at those levels. However, since the end of 1988 and the initiation of the campaign to 'clean up' the economic environment, provincial and municipal branches of the People's Bank have been required to submit foundation applications to the central office for approval. This centralisation of control is intended to reduce local tax evasion, particularly the practice of enterprises channelling funds into tax-free 'social welfare' projects within the enterprise rather than re-investing in production. This discussion demonstrates the extent to which the regulation of foundation behaviour lags behind the development of the organisations themselves. As a result, regulations grow out of the practices and abuses of the earliest foundations.

For non-governmental research institutes, the lack of a clear legal basis for funding adds to the precarious nature of their existence. Many research institutes have established correspondence courses and consulting services as a means of providing income to support research. If the consulting firm is established with independent legal status as a private commercial enterprise (*qiye danwei*), it must register with the Industrial and Commercial Bureau (*Gongshang guanliju*) and pay taxes. However, a consulting office set up within an institute can make financial transfers within the institute, apparently free of any tax regulations. It is reportedly much easier to establish a private commercial enterprise than to gain legal status as a non-profit institution.

As in the case of foundations, the tax incentives for supporting institutions are inconsistent and unclear, and personal connections (*guanxi*) again become a primary motivation for contributions. In the case of state enterprises, contributions to non-governmental research

institutes fall into the category of donations for public purposes and are treated as costs by the enterprise. Donations are often billed as expenses under the manager's discretionary fund. However, as a result of the revenue shortage faced by the government, new regulations have been issued to prohibit state enterprise managers from freely making donations, and these regulations essentially block the use of the manager's discretionary fund. Nevertheless, state enterprises can also support non-governmental research by commissioning studies and by signing consulting contracts. Scientific and technical institutes, because of the productive applications of their research, derive much greater support through these means than do social science research institutes.

## V. Case studies

This section focuses on three case studies which represent the three main types of NGOs in China: associations, foundations and non-governmental research institutes. The cases selected also reflect the differing degrees of relative autonomy from the state found in the Chinese context. Although all three organisations are nominally 'non-governmental' organisations, the Beijing Institute for Research in the Social and Economic Sciences (BIRSES) may be characterised as truly non-governmental (*fei guanfang*); the China Population Welfare Foundation (CPWF) as semi-governmental (*ban guanfang*); and the Chinese Association for Science and Technology (CAST) as quasi-governmental (*guanfang*). This section also provides a few examples of the kinds of private, non-profit religious organisations, schools, hospitals and rural development organisations which exist in China.

### *The Beijing Institute for Research in the Social and Economic Sciences*

Although there are no firm figures available, as of 1989 there were between ten and twenty non-governmental social science institutes in Beijing alone, and the estimated number of non-governmental scientific and technical institutes ran into the hundreds nationwide.<sup>13</sup> These private, non-profit research institutes are often the only forum in which unconventional or interdisciplinary work can occur because of the rigidities in the disciplinary structure of government research institutes and universities. However, a distinction must be drawn between the majority of institutes in scientific and technical fields and those in the social sciences. Social science research institutes often address politically sensitive issues, and thus these organisations are the most vulnerable

to shifts in the political winds. In addition, unlike research in the hard sciences, the products of social science research do not enjoy a ready market or a high profit potential; thus, it is much more difficult for social science research to obtain financial backing. Moreover, government funding may be less inhibiting in the hard sciences where the research agenda is somewhat less politicised. The case of the Beijing Institute for Research in the Social and Economic Sciences highlights the difficulties of pursuing independent, value-driven and policy-relevant research; the importance of political patrons; and the vulnerability of the non-governmental sector in the absence of clear legal guidelines.

The Beijing Institute for Research in the Social and Economic Sciences (*Beijing shehui jingji kexue yanjiusuo*) billed itself as the first and largest completely non-governmental research institute in China. It was founded in 1984 by Chen Ziming and Wang Juntao (both former activists in the 1979 Democracy Wall movement and contributors to the dissident journal *Beijing Spring*) and received approval from the Personnel Center (*Rencai zhongxin*) of the State Science and Technology Commission (*Guojia kexue jishu weiyuanhui*) to which it paid a management fee. BIRSES could not have been established without the patronage of high state officials willing to take an interest in the organisation; the fate of the institute emphasises the risks involved for an organisation which loses its political backing (*houtai*).<sup>14</sup>

The institute's commitment to organisational autonomy was illustrated by its exclusive reliance on sources of funding outside the government proper. Nearly 60 per cent of BIRSES' funding derived from scientific and technical companies (*keji kaifa gongsi*) — established by the institute or its members — which then channelled funds back to the institute. One problem with this funding source, however, was that the legality of the financial relationship between these profit-making firms and the institute was unclear, thereby increasing the political risk to the people involved. BIRSES also received a significant amount of funding from correspondence schools run by the institute, and cooperative projects with both foreign and domestic research institutes provided another source of financial support. Nevertheless, the autonomy of the organisation was somewhat limited because only a fraction of the researchers associated with the institute were full-time and actually received their salaries from the institute itself. Most researchers worked only part-time at BIRSES and held full-time posts in government-run institutes and universities.

The experience of BIRSES demonstrates the potential for non-governmental research institutes to engage in policy advocacy and in policy-relevant research.<sup>15</sup> BIRSES was at the forefront in advancing survey research methodology in China, and it was one of the few organisations to focus on political research. The institute was comprised

of four main departments — political science, psychology, economics and sociology — each of which spawned numerous independent institutes and centres. One offshoot of the psychology department was the Beijing Personnel Assessment and Testing Center (*Beijing rencai pingjia yu kaoshi zhongxin*), which was granted independent legal status by the Ministry of Personnel (*Renshibu*) and advised the government on the design and implementation of the new civil service system. The Public Opinion Research Center of China (*Zhongguo minyi diaocha zhongxin*), an independent offshoot of the sociology department, conducted a survey of the views and aspirations of delegates to the National People's Congress, the results of which were carefully reviewed in the government. Similarly, the political science department conducted research on the political psychology of Chinese citizens, and the results reached a wide audience through publication in the official *People's Daily* as well as in other newspapers and journals. The newspaper *The Economics Weekly* (*Jingjixue zhoubao*), affiliated with the economics department, had become a locus of innovative proposals and debate over reform before its closure during the crackdown on dissent in June 1989 (see also Burns, 1987; Rosen, 1989; Nathan, 1990). The other activities of the institute ranged from sponsoring conferences on social and economic theory to translating Western social science theory and overseeing rural development feasibility studies.

In the case of BIRSES, the structure of administrative controls alone was insufficient to limit the political impact of the institute. The government holds the institute and its members responsible for creating an atmosphere which encouraged critical evaluation of the current political system not only on the part of researchers but on the part of students as well. The institute was dissolved by the government in 1989 and its founders arrested. In February 1991, Chen Ziming and Wang Juntao were convicted of 'conspiring to subvert the government and carrying out counter-revolutionary propaganda and incitement' and sentenced to thirteen years in prison (Kristof, 1991, p.1). In addition to citing their support for student demonstrators in Tiananmen Square, the verdict against them cites as evidence a number of activities of the institute, including the convening in April 1989 of a scheduled conference which evaluated the results of the decade of reform in China.<sup>16</sup>

Overall, the impact of 4 June on the non-governmental research community has been profound. An unknown number of researchers have been arrested, and a number of the institutes have ceased to function, while those remaining exercise self-censorship and seek to maintain a low profile.<sup>17</sup> In April 1989, the China Federation of Economics Societies (*Zhongguo jingjixue tuanti lianhehui*) held a conference at which the development of NGOs in China was placed explicitly in the context of pluralism.

The emergence of NGOs in China in such a short period is not accidental; it is the inevitable result of the development of 'reform and opening', a commodity economy and democratic political construction. 'Reform and opening' inevitably brings with it the pluralisation of interests and the pluralisation of demands, as well as the rapid development of NGOs (Jiang, 1989, p.8).

Only two months later, a researcher who had participated in the conference commented that it was no longer possible to discuss NGO development in the context of political pluralism or democratisation. Recent statements regarding NGOs have instead discussed their contribution to 'socialist material and spiritual construction' (Hu, 1990, p.3). Thus, even for those researchers who remain active, the crackdown on dissent has led them to become censors of their own work.

#### *The China Population Welfare Foundation*

According to the Ministry of Civil Affairs, as of 1988 there were 37 registered national-level foundations; a separate unpublished government survey identified about 600 organisations which called themselves foundations, many of which were unregistered and existed below the national level. Chinese foundations are virtually all service organisations in their orientation. In addition to making grants, many foundations also initiate and conduct some projects themselves. No Chinese foundation has been identified which can rely entirely on its endowments for support. Rather, they all seek outside sources of funding for their activities, and it has become common practice for government organs to establish foundations as a means of raising funds from abroad. Overseas Chinese represent a large source of funding for foundations. Nevertheless, many Chinese foundations are handicapped in their ability to attract international donors because of their lack of project orientation and exposure to professional norms of foundation management.

The case of the China Population Welfare Foundation (*Zhongguo renkou fuli jijinhui*) demonstrates the ways in which even those NGOs closely affiliated with the government can have a significant impact on development. The foundation is characterised as semi-governmental in nature because it was initiated by the government to promote state population policies in the countryside. It was approved directly by the State Council in 1987 before the promulgation of the provisions on the management of foundations. The foundation is dependent on its affiliation with the State Family Planning Commission (*Guojia jihua shengyu weiyuanhui*) for office space and paid full-time staff, as well as for a share of its project funding. It also accepts funds from individuals, enterprises, government units and other NGOs — both domestic and foreign.

Despite its dependence on the government, the foundation provides an outlet for volunteerism and mobilises people who otherwise would not be likely to participate in the development effort. In two of the main programmes run by the foundation, retired doctors provide health care counselling, and retired professors train both volunteers and professionals at the rural grassroots.<sup>18</sup> In addition, the programming orientation is beginning to expand from its initial focus on population control to encompass grassroots development efforts which facilitate income-generating activities. Finally, if plans for cooperation with the Chinese Medical Association (*Zhonghua yixuehui*) come to fruition, this kind of network building may create access to greater sources of funding and may lead to more independent behaviour on the part of these two organisations. As funding sources and management practices improve, Chinese foundations have the potential to become increasingly independent of their government sponsors.

#### *The Chinese Association for Science and Technology*

Numerically, associations constitute the largest segment of the non-governmental sector in China. According to the Ministry of Civil Affairs, close to 1,000 national-level associations had registered with the Social Organisations Department by 1988. (The Ministry quoted this figure before the promulgation of the 1989 regulations, and not all of these associations may have been allowed to re-register.) This broad category includes associations with functions as diverse as scholarship, sports and wildlife conservation. With the exception of a few cases (such as those associations organised for wildlife conservation or consumer protection) virtually all Chinese associations are membership organisations. In addition, they are all non-profit organisations which seek outside funding above and beyond membership fees. The vast majority of Chinese associations are, like the China Population Welfare Foundation discussed above, semi-governmental in nature.

By contrast, the Chinese Association for Science and Technology (*Zhongguo kexue jishu xiehui*) is characterised as quasi-governmental because the association, formally established in 1958 at the beginning of the Great Leap Forward, is entrusted to perform certain functions on behalf of the government. In addition, its leaders, as noted above, are appointed through the party *nomenklatura* system — not simply approved by a *guakao danwei* — and the wages of the 200-member national staff are paid by the State Science and Technology Commission. Direct state allocations finance the majority of CAST's annual budget, although a small percentage is derived from enterprises and other institutions run by the association.

CAST is entrusted by the government to perform a wide range of functions. It is officially designated as the representative of the 'interests and demands' of the scientific community in the formulation of scientific policy by the State Council and the State Science and Technology Commission. In this role, the association has advised the government on the regulation of foundations and social organisations. After sending a delegation to the United States to investigate NGOs there, CAST produced two volumes for internal use by the State Council Legislative Affairs Bureau and the People's Bank of China in drafting the regulations.

In another role, CAST represents the culmination of a long process of cooptation of scientific societies. At the time of the founding of the People's Republic, there existed 30 independent scientific and technical societies which were later organised to form the core of CAST's academic societies. The organisation now consists of 151 national-level academic societies each of which has many secondary and tertiary specialised societies within its purview. In addition, the same structure is replicated by local CASTs at the provincial, municipal, county and village levels. The association's scope is extremely broad, covering natural science, technology, agriculture, medicine, engineering, ecology and environmental science; thus, virtually all scientific scholarly associations fall under the expansive CAST umbrella. For CAST's 151 national-level scholarly associations, state allocations, channelled through CAST, constitute the largest single source of funding, totalling approximately one-third of total association income. Another third is made up by government subsidies provided directly by specific *guakao danwei*. In 1988 CAST created the Zhenhua Foundation (*Zhenhua jijinhui*) to serve as an umbrella foundation for CAST subsidiary associations; in most cases, funds raised by subsidiaries will be centralised and managed by Zhenhua. Although they are part of a hierarchical structure controlled from above, these scholarly associations perform a number of important functions; for example, they create institutionalised linkages among scholars — through annual conferences, publications, and so on — who in the recent past had little knowledge of their colleagues or their colleagues' research.

#### *Other educational, medical, religious and rural development organisations*

The Chinese government recently has begun to encourage private individuals and non-governmental organisations to establish private schools to supplement state-run education. In the same vein, private hospitals and clinics have been allowed to emerge. A variety of groups have responded to this encouragement. Overseas Chinese (and in

some cases local private entrepreneurs) have been particularly active in sponsoring private schools and medical clinics. According to the Chinese Association for International Educational Exchange (*Zhongguo jiaoyu guoji jiaoliu xiehui*), there are approximately 3,000 private primary schools and over 100 private middle schools in China. In addition, over 1,200 private universities and specialised colleges have been established nationally.<sup>19</sup> For example, Peili University was initiated in Beijing by Rewi Alley and George Hatem, two foreigners, both of whom had long association with China; Jinling University, a private university under the auspices of Nanjing Normal College, was established by an alumni group; the Yanjing Overseas Chinese University was established by the Beijing Returned Overseas Chinese Federation (*Beijingshi guiguo huaqiao liankehui*) and Ningpo University was established by Hong Kong shipping magnate Sir Y. K. Pao.

Like private educational institutions, private medical institutions have begun to reemerge most vigorously in the last five to six years. According to the Beijing Bureau of Public Health (*Beijing weishengju*), many private hospitals and clinics are profit-making ventures. Included in this category are the many individual (*geti*) doctors who have set up private practices, often after their retirement from state-sector jobs. Nevertheless, some private medical institutions do maintain a non-profit orientation. The China Medical Association and its subsidiary associations have been active in supporting the establishment of hospitals and clinics, often for longer-term care. One such hospital, the Huanxing Hospital, was financed by the Cancer Foundation (*Aizheng jijinhui*). Hong Kong-based philanthropies have provided another source of funding for private hospitals. For example, a hospital is to be built in Hangzhou with the funding of the Shaw Foundation, established by Hong Kong movie and television magnate Sir Run Run Shaw. Other projects such as the China Rehabilitation Research Center (*Zhongguo kangfu yanjiu zhongxin*) are often mentioned in discussion of non-governmental medical institutions. The Center was established by the China Disabled Persons Federation (*Zhongguo canjiren liankehui*) and is funded by the Chinese government, the China Welfare Fund for the Handicapped, and foreign government and private contributions.

For a variety of historical and political reasons, religious-based organisations enjoy a unique position among NGOs in China; this position creates the potential for religious philanthropic activity to have a relatively strong impact. First, churches and other religious organisations have a natural philanthropic orientation stemming from their religious values as well as from their desire to proselytise through social service.<sup>20</sup> In addition, they have access to special sources of domestic funding and direct ties to religious organisations abroad. Christian organisations in particular have an advantage in working with international groups, in

that the missionary education of many older Christian leaders provided them with English-language capabilities as well as with an understanding of Western culture and practice. Among these organisations are the China Christian Council, the National Council of YMCAs and YWCAs and the Amity Foundation. While the earliest social service activities of these groups focused on education, they are beginning slowly to move into other kinds of development work. Independent sources of funding provide these organisations a small measure of autonomy, but they rely on close ties to the party and government to win continued political support for their activities.

In addition to the Christian-initiated rural development activities, other rural development initiatives are taking place outside the purview of the government. These initiatives include the Gonghe Cooperative Movement as well as village-run and self-organised peasant associations. In Zhensong County, Yunnan Province, for example, groups of approximately 50 families have formed pasture associations for livestock raising; the association charters define the duties and privileges of the members. These groups carry out functions such as instituting trial grass planting and engaging veterinarians for artificial insemination of livestock.

The data provided in this section are intended as a corrective to the overwhelmingly urban and elite nature of the organisations discussed in the main body of the paper. Rural grassroots organisations may be beyond the reach of the bureaucratic apparatus which controls most urban NGOs in China. Furthermore, they are more likely genuinely to represent the autonomous expression of values on the part of their participants.

## **VI. Comparative context**

This section places China's contemporary experience with non-governmental organisations in context by comparing it to associational life in traditional China, in developing countries in general, and in communist countries in particular.

### *Traditional China*

The corporatist policies of the current regime with respect to NGOs may have roots in the practices of traditional Chinese governance. In traditional Chinese political thought, a clear distinction was made between the public realm of *gong* and the private realm of *si*. The state, acting on the basis of Confucian precepts, was the guarantor of the

public interest. Thus, the Confucian bureaucracy claimed a 'monopoly on moral knowledge and legitimate political action' (Fewsmith, 1983, p.619).<sup>21</sup> This view of the state had profound implications for the role of voluntary associations in traditional society.

The prevalence of such associations in traditional China did not imply à la Tocqueville the existence of *pouvoirs intermédiaires* linking together state and society. On the contrary, Chinese associations were not representative in the literal sense that they did not 're-present' the interests of their constituents to the state. Their role could be more accurately described as an extra-bureaucratic group fulfilling regulatory functions beyond the normal reach of the bureaucracy. They were, in effect, *pouvoirs subsidiaires* whose authority derived from and complemented that of the state (Fewsmith, 1983, p.617-18).

Joseph Fewsmith draws an analogy between the role of the state as the guarantor of the public interest in Confucian thought and the role of the state in communist ideology. He argues that in modern China the public interest is defined by communist ideology and that only the party-state can interpret and implement that ideology. 'As in the traditional system, the claim of *gong* was absolute, that is, there was no basis from which the claim of *gong* (hence the authority of the party) could legitimately be opposed' (Fewsmith, 1983, p.638). In this way, the notion of the state-as-guarantor legitimises corporatist controls over organisations in society. Indeed, this view is manifested explicitly in the regulations on social organisations, which assign the Ministry of Civil Affairs the right to interpret and protect the interests of the state, society and collective. However, the argument being made here does not claim that tradition *per se* explains the adoption of corporatist policies on the part of the Chinese state. Rather, it simply suggests that such policies are easier to legitimise, given an intellectual tradition which accepts the notion of the state as the guarantor of the general interest.<sup>22</sup>

### *Developing countries*

Alfred Stepan, in his major work on state and society in Peru, develops a number of hypotheses regarding the ability of the state to coopt the representation of interests by implementing corporatist policies. First, he hypothesises that the greater the degree of elite organisational strength and ideological unity, the greater the ability of the regime to implement these policies (Stepan, 1978, p.83). On the basis of this hypothesis, the Chinese state is better equipped to implement corporatist controls than many other developing countries. The Chinese Communist Party remains the predominant organisational force in society. Although the degree of elite organisational strength and ideological unity of the Chinese party-state is weak compared to its own historical experience,

it is quite strong relative to many developing nations.<sup>23</sup> As Bratton notes in the African context, 'Because of the shallow penetration of society by weak state institutions, there is a relatively larger realm of unoccupied political space in Africa than anywhere else in the world' (Bratton, 1989a, p.425). Few African governments have been able to establish any kind of 'central clearing house' equivalent to the Ministry of Civil Affairs (Bratton, 1989b, p.577). Moreover, most African states lack the complex structure of state institutions found in China which provides the basis for the *guakao* system of government affiliation.

Second, Stepan hypothesises that the greater the state's control over resources, the greater its ability to implement corporatist policies (Stepan, 1978, p.88). Economic resources are the most salient here, and as noted above, NGOs in China depend on their *guakao danwei* for access to many essential goods and services which are distributed through bureaucratic as opposed to market channels. Thus, developing countries with (even partially) planned as opposed to market economies have more mechanisms at their disposal to coopt and control the activities of groups in society. As Gail Lapidus notes with respect to the Soviet case,

Public ownership and the limited development of private property rights limits [sic] the resources that can be mobilised by independent social actors. These structural features of the Soviet system highlight the far greater obstacles to a transition from authoritarianism in the Soviet case compared to the situations prevailing in Latin America and Latin Europe (Lapidus, 1989, p.143).

In addition, as Stepan points out, symbolic and coercive resources are important as well. The renewal of CCP monopoly control over the media strengthens state control over symbolic resources. As noted above, no longer can NGO development be discussed publicly in the context of democratisation. Rather, NGOs, in order to be acceptable to the regime, must be seen as part of the effort toward 'socialist material and spiritual construction'. In addition, the present regime has demonstrated its willingness to use force to quell dissent in society. In contrast, Bratton notes that, 'The reach of the African state routinely exceeds its grasp' (Bratton, 1989b, p.585). Although the Chinese state may find society slipping farther and farther away, its reach appears to exceed its grasp to a far lesser extent.

### *Communist countries*

China's experience with NGOs is likely to resemble that of the Soviet Union more closely than that of Eastern Europe. Indeed, the East European experience is distinct from that of China in two important ways. First, since revolution was imposed on the countries of Eastern Europe by the Soviet Union, the communist parties there never enjoyed

the same basis of legitimacy that the CCP enjoyed in China as a result of its indigenous revolution. Although the CCP's legitimacy is slowly being eroded by inept policies and repressive tactics, the results of a survey conducted under the auspices of BIRSES in 1988 show that the Chinese people 'retain considerable faith in socialism and the Communist Party'.<sup>24</sup> Second, China lacks any significant alternative locus of legitimate authority which could rival the role the church has played in Eastern Europe. Vladimir Tismaneanu, in his discussion of the emergence of a civil society in East Germany, notes that, 'Along with the much smaller Catholic Church, the East German Evangelical Church represents the sole institutional structure in the GDR not subject to party control' (Tismaneanu, 1989, p.95). According to Tismaneanu, the church provided a 'powerful protective shield' for autonomous social groups — particularly peace activists (Tismaneanu, 1989, p.95). Similarly, Frederick Starr has noted the role of Christian churches in providing 'a convenient cover for non-governmental organising' in Poland, Czechoslovakia and Rumania (Starr, 1991, p.69). These key differences suggest that the development of civil society in China is less likely to represent a fundamental challenge to the power of the communist state.

However, the Soviet Union faces a dilemma very similar to China's: the contradictory need to spark societal initiative in order to develop economically and socially, without at the same time sacrificing political control. Like reform in China, the policy of *glasnost* in the Soviet Union has led to official recognition of the diversity of interests in society but not to any official acceptance of their 'politically autonomous expression' (Lapidus, 1989, p.137). It has also led to the rapid emergence of NGOs.

Tatiana Zaslavskaya, the well-known reformist Soviet sociologist, has commented that 'tens of thousands of informal organisations' have come into being, 'many of which are already taking on a political colouring' (cited in Lampert, 1989, p.208). The earliest groups to form were youth clubs organised around interests such as rock music. Within a few years organisations began to form around more explicitly political concerns, focusing particularly on the environment. Initially an urban and largely elite phenomenon, the environmental cause has become broader and more widespread, involving ethnic populations protesting against the environmental degradation of their homelands.

Nick Lampert, in a recent article, discusses the way in which the Soviet government is likely to regulate the burgeoning voluntary sector. A 1988 draft law on voluntary associations was drawn up 'behind the scenes', which gave local soviets 'the authority to decide if a club was worthy of registration and if, therefore, it could be a legal organisation' (Lampert, 1989, p.213). On the basis of the tenor of the Soviet decree on meetings

and demonstrations, Lampert anticipates that a law on voluntary associations would allow local soviets to prohibit any association 'whose purpose is deemed to be "contrary to the USSR Constitution" or is a threat to public order' (Lampert, 1989, p.213). According to Lampert,

The dominant thinking of the party leadership is one of guided democratic change, in which intellectual debate is encouraged and political accountability strengthened, while the 'leading and guiding role' of the party is maintained. 'Socialist pluralism' is not then 'political pluralism', but a competition of ideas within the boundaries of the socialist foundations of the system (Lampert, 1989, p.205).

On the surface, it appears that the limits to the potential political and socio-economic impact of NGOs in the Soviet Union are very similar to those in China.

However, as recent events in the Soviet Union demonstrate, it may not be possible to contain voluntary associations within the bounds of 'socialist pluralism'. Several factors contribute to the potentially greater role for civil society in the Soviet case. The Soviet population is much more highly educated and urbanised than the population of China, and economic performance in the Soviet Union seems to be deteriorating at a much faster rate. The first factor suggests that Soviet citizens are better equipped to pursue their political goals, and the second factor suggests that they may have greater motivation to seek change in the system. Even officially sanctioned political change has progressed much further than in the Chinese case; the *de jure* abolition of the communist party monopoly on power in March 1990 provides just one example. Moreover, the apparent disarray of the Soviet state apparatus suggests that laws may rapidly become unenforceable. Thus, in the short-run Soviet NGOs will have a potentially greater impact than those in China. The concluding section highlights the factors most likely to improve the environment for NGOs in China.

## VII. Conclusion

In assessing the direction of development of the third sector in China, two factors are likely to be significant: the further development of a private market economy and the nature of the post-Deng political succession.

A number of scholars have identified the importance of the existence of private wealth for the development of non-governmental organisations (see Anheier, 1987, p.420; Bratton, 1989a, p.427; Lapidus, 1989, p.143; Starr, 1991, p.71). Bratton suggests that 'associational life is likely to be most developed in economies that have undergone the greatest

degree of indigenous capitalist industrialisation. In these situations, social classes are most likely to have constructed an economic base independent of the state and a set of shared interests that are best defended by autonomous political action' (Bratton, 1989a, p.427). Put another way, a private economy creates wealth outside the direct control of state agencies, which can be employed towards ends defined independently from the state apparatus. Marketisation — even without privatisation — is also important in this regard. Changes in the labour market, for example, are slowly making personnel available to non-governmental organisations independent of the government assignment system. Thus, economic reforms may gradually obviate the role government counterparts play in supporting NGO development. Moreover, while tighter government finances have forced a reduction in direct government funding of NGOs, economic reforms are creating new sources of support.

Although private enterprises, like NGOs in China, are closely regulated by the state, in some cases they have succeeded in supporting autonomous goals. The best known example is the financial support of the Stone Corporation (*Beijing sitong xin jishu chanye gufen youxian gongsi*) for the student demonstrations in 1989 (Strand, 1990, p.15). The same firm was also the main financial backer of the Sitong Institute of Social Development (*Sitong shehui fazhan yanjiusuo*), a non-governmental research institute. One of the many projects undertaken by the institute was an investigation of the ways in which the legal status and rights of private enterprises could be guaranteed in the Chinese system.<sup>15</sup> As private enterprise expands, the ability of private firms to support independent goals should increase. Nevertheless, both the Stone Corporation and the institute affiliated with it suffered during the crackdown on dissent in 1989; this highlights the importance of the second point, the nature of the post-Deng political succession.

As Andrew Nathan suggests in his recent book (1990), the impetus for successful democratisation in China is most likely to come from above. Specifically, the case of BIRSES' Wang Juntao provides a striking example of the centrality of the political elite to political and economic liberalisation. Wang, who was arrested and imprisoned for his role in the Tiananmen Square Incident in 1976, was, following the rise of Deng Xiaoping to power, released and rewarded for his activism with a position on the Central Committee of the Communist Youth League.<sup>25</sup> Wang's earlier experience, by analogy, suggests that, if Deng's successors are radical reformers, then those arrested after 4 June 1989 may, at some point in the future, also be rehabilitated. In this scenario, the NGO sector, under the leadership of those now imprisoned, would have a much greater impact on both socio-economic and political development. However, the outcome of the impending political succession is impos-

sible to predict, and in the absence of succession by radical reformers, the most likely scenario is the perpetuation of the status quo.

NGOs exist within limits defined by the state, and the state can both enable and impede their development. Chinese NGOs may be characterised as existing in a transitional stage between complete dependence on the government and some degree of autonomy from it. Whether initiated by government agencies or individuals, they are required to be affiliated with government counterparts, and the great majority continue to rely on these counterparts for leadership, wages and other administrative support, and at least partial programme funding. Thus, most Chinese NGOs are organised around government-defined objectives and lack full autonomy. At the same time, they constitute an alternative organisational form with greater flexibility than official government organs and represent the first step in the development of a meaningful non-governmental sector.

## Notes

- <sup>a</sup> The author is a graduate student in the Department of Political Science at the University of Michigan. This article was first drafted while she was an intern with the Ford Foundation in Beijing. Peter Geithner, Michel Oksenberg, Craig O'Neill and an anonymous reviewer made helpful comments on earlier drafts. The views expressed in the article are the author's and do not necessarily reflect those of the Ford Foundation.
- 1 For discussion by Chinese analysts of NGOs performing some of the social functions now performed by the state, see Jiang (1989, p.8) and Cai (1988, pp.27–31).
  - 2 Azarya uses the term incorporation instead of engagement. 'Incorporation is the process whereby large segments of the population associate with the state and take part in its activities in order to share its resources. . . . Such incorporation might be initiated by the individuals or groups in question or might be solicited by the state itself as a means of expanding its penetration into the periphery' (1988, p.6).
  - 3 In order to protect these sources, information acquired during interviews is not attributed to particular individuals or organisations. Whenever possible, corroborating published sources will be cited.
  - 4 Additionally, NGOs are more likely to contribute to democratisation to the extent that they themselves respect democratic norms in their internal decision making. See Brown and Kortzen (1988).
  - 5 The *nomenklatura* is a list of party, government and social positions, appointment to which is controlled by the party.
  - 6 'Democratic parties', such as the Democratic League, have continued to exist since the Communist victory in 1949 as a means of legitimating Communist rule among non-Communists. Burns calls them 'in every sense an integral part of the party/state establishment' (1989, p.507). On their exclusion from

- the current regulations, see the comments of Liu Baoqi, director of the Social Organizations Department of the Ministry of Civil Affairs in Liang (1989, p.36).
- 7 See Central Committee of the Communist Party of China (1987).
  - 8 One official reported that this distinction was necessary because institutions such as correspondence schools, day schools and hospitals charge fees for their services, although they maintain a non-profit orientation.
  - 9 Commentary, '*Ba chengshi jumin weiyuanhui jianshe hao*' (Build well urban residents' committees) *Renmin ribao*, 28 December 1989, p.3. Also translated in Foreign Broadcast Information Service *China — Daily Report*, 5 January 1990, under the title, 'Commentary discusses urban resident committees'. Urban residents' committees are also governed under separate regulations. See Quanguo renmin daibiao dahui (National People's Congress), '*Zhonghua renmin gongheguo chengshi jumin weiyuanhui zuzhi fa*' (Law of the People's Republic of China on the Organization of Urban Residents' Committees) *Renmin ribao*, 28 December 1989, p.3.
  - 10 'Mayor Chen Xitong's report on putting down anti-government riot', *China Daily*, 7 July 1989, p.4. Note that at the time Beijing Municipality already had implemented local regulations on the management of social organisations. These regulations were superceded by the national regulations when they were promulgated in October 1989.
  - 11 As non-profit entities, *shetuan* enjoy tax-exempt status; at present this status obviates any relationship whatsoever with the General Administration of Taxation (*Shuiwu zongju*), and only in the case of foundations is there any audit or financial reporting outside the system (*xitong*) in which the organisation functions.
  - 12 Rather than preempting the formation of indigenous NGOs, the participation of foreign NGOs in China may be more likely to contribute to the creation of 'market-driven' Chinese NGOs whose *raison d'être* is to gain access to foreign funds. For the notion of 'market-driven' NGOs, see Brown and Korten (1988, p.29, n.22).
  - 13 Many of the social science institutes in Beijing are no longer functioning as a result of 1989 crackdown on dissent. The estimate of the number of scientific and technical institutes is from the China Academy of Management Science (*Zhongguo guanli kexue yanjiuyuan*).
  - 14 For an account of Wang Juntao's meeting with CCP General Secretary Hu Yaobang at the time of the Democracy Wall movement and his links to scholars at the official Chinese Academy of Social Sciences, see Nathan (1985, p.42). Nathan also discusses Wang's role in the abortive competitive election for seats in the local people's congress which took place at Beijing University in 1980.
  - 15 There have been numerous calls by non-governmental research institutes for the government to take greater advantage of their expertise in formulating policy. See the article (Zhang, 1988) by the leading researcher at the China Social Development and Legal System Research Institute (*Zhongguo fazhi yu shehui fazhan yanjiusuo*), an NGO sponsored by Capital Iron and Steel Corporation. See also Huang and Zhang (1989, p.5). These authors discuss a number of institutes, including the Stone Institute of Social Development

(*Sitong shehui fazhan yanjiusuo*) headed by Cao, who is best known for his role in drafting the bankruptcy law and in opening the sessions of the National People's Congress to the public. Cao gained public notice in 1989 for his efforts to bring about an emergency meeting of the NPC Standing Committee at which it would call for an end to martial law — efforts which led to his arrest.

- 16 The verdict in the case of Wang Juntao is translated in 'The case of Wang Juntao', *News from Asia Watch* (11 March 1991, pp.5-9).
- 17 For a discussion of 'low profile' behaviour in the African context, see Bratton (1989b, p.581).
- 18 The foundation pays retirees on a *per diem* basis, which provides them with an important supplement to their retirement pay.
- 19 These figures were reported by the Yanjing Overseas Chinese University in Beijing.
- 20 James (1987) emphasises the first point in her comparative study of the non-profit sector abroad.
- 21 For a discussion of the nascent efforts to accept diversity as legitimate in the Chinese context, see Munro (1989).
- 22 Stepan (1978, chaps 1 and 2) makes a similar argument about the relationship between the tradition of organic statist thought and the corporatist policies of many regimes in Latin America.
- 23 For a discussion of both declining ideological unity and remaining strength see Nathan (1985).
- 24 The results of the survey on the political psychology of Chinese citizens are mentioned in Nathan (1985, p.199).
- 25 The Tiananmen Square Incident of 1976 occurred after Beijing citizens placed wreaths at the foot of the Monument to the People's Heroes in Tiananmen Square during the Qingming Festival to mourn the passing of Zhou Enlai. This was seen by the Gang of Four as a challenge to their authority, and they ordered the wreaths to be removed, sparking a violent clash between citizens and police. This incident led to the arrest of many of the protesters. The Gang of Four held Deng Xiaoping responsible and dismissed him from his posts in both the party and the government. For further discussion, see Nathan (1985, p.10).

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