

# Social Transformations in Chinese Societies

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Hong Kong Sociological Association

## *Editors*

Bian Yan-jie, Chan Kwok-bun and Cheung Tak-sing

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## CHINESE NGOS STRIVE TO SURVIVE\*

*Chan Kin-man, Qiu Haixiong and Zhu Jianguang*

### ABSTRACT

This paper discusses the emergence of non-governmental organizations (NGOs) in China, in particular "grassroots groups" without formal official affiliations, and the strategies that these groups adopt to survive under an authoritarian regime. It is a puzzle to many observers of China that Chinese NGOs are able to flourish under China's rather restrictive laws and policies on civic associations. Our study found that on the ideological level, the proponents of NGOs in China first carefully chose the Chinese translation of "civil society" to avoid conflict with socialist ideology, and later emphasized the functions of NGOs as a "third sector" that produces "social capital" and attains "good governance" for society. The political and particularly the confrontational dimensions of civil society have been deliberately avoided. On the legal level, some unregistered groups have resorted to business registration or to becoming "patronized groups" as a means of acquiring quasi-legal protection. On the political level, these grassroots groups need to cooperate with local state authorities by providing valuable services to the community, and at times by enhancing the political prospects of local officials. On the organizational level, grassroots groups rely on volunteers and Internet technology to reduce costs, share program costs among volunteers, and acquire funds from foreign foundations. These efforts have resulted in the proliferation of NGOs and, under certain constraints and risks, the emergence of civil society in China.

### INTRODUCTION—"ASSOCIATIONAL REVOLUTION" UNDER CORPORATIST CONTROL

This paper aims to solve the puzzle of how non-governmental organizations (NGOs) are able to flourish under China's rather restrictive laws and policies on civic associations. An analysis of the *Regulation on the Registration and Management of Social Organizations* that was promulgated in 1989 and amended in 1998 shows that NGOs in China are only allowed to grow according to the parameters specified by the regime. The Chinese government has been engineering new state-society relations within the framework of "corporatism" (Schmitter

\* This research is supported by the second phrase of Project 985—Public Administration and Social Development Research Fund of Sun Yat-sen University and the South China Research Fund at the Chinese University of Hong Kong.

1974; Unger and Chan 1995; Chan 1999). This is a system of interest representation in which a limited number of constituent units are created and recognized by the state as monopolizing representatives of their respective sectors. The aim of this system is to create consensus and cooperation within and across the different sectors, and to facilitate rule that is based on interest representation.

The 1998 Regulation stipulates that only one “social organization” (*shehui tuanti*) or civic group of the same kind is allowed to register within an administrative region. This provision has largely curbed the growth of “registered” civic groups in China. In addition, the Regulation also stipulates the practice of “dual supervision” over civic groups. Each organization needs to find a related state unit (government department or official social organization) to be its “business supervisory unit” (*yewu zhuguan danwei*), and must register with the civil affairs departments at different levels. These supervisory units have political responsibility for inspecting the activities and finances of civic groups, and thus government units have little incentive to sponsor such applications, except when there are material interests or personal connections involved. This has become the most common reason for civic groups failing to register with the authorities. Under this corporatist arrangement, the state is able to regulate the development of civic groups in line with state policy (Kang 2001: 4). Statistics show that more than half of such registered groups are businesses or professional in nature, such as the trade associations that are supported by the state.<sup>1</sup>

The practice of dual supervision also provides opportunities for the supervisory units to intervene in the selection of leaders in these social organizations. Studies show that most of the leading positions in these organizations are occupied by the leading figures in their supervisory units. The secretaries of these organizations are usually officials who have transferred from these supervisory departments. White’s study showed that 77% of social organizations had party or state officials as key leaders (1996: 135). In our 1997 survey, which was conducted in Guangzhou, we found that in about 50% of the social organizations the board of directors was wholly made up of government officials, in some 30% the board was partly made up of government officials, and in only 20% of cases was the board of

<sup>1</sup> See *China Civil Affairs Statistical Yearbook*, 2001.

directors made up entirely of ordinary members (Chan and Qiu 1999). Many of these groups are called “GONGOs”, which stands for government-organized non-governmental organization (White et al. 1996: 112).

The past two decades have seen ebbs and flows in political control over civic groups in China. The enactment of the regulation on social organization in 1989 was a direct consequence of the democracy movement in Tiananmen Square in the same year. The number of civic groups was dramatically curtailed from around 200,000 in 1989 to 110,000 in 1991 following a rectification exercise (Wang & He, 2004: 503). The Falun Gong incident in 1999 also triggered fears that any powerful networks or organizations, no matter how non-political they first appeared, could pose a threat to the regime when mobilized. In fact, the government issued an internal circular as early as 1992 that clearly discouraged the establishment of alumni clubs.<sup>2</sup> Immediately after the Falun Gong incident, civic groups, including friendship and hobby groups, were rigorously inspected by the government. The recent “Orange Revolution” in Ukraine has also alerted the Chinese authorities that civic groups could be used by foreign forces to organize social movements and support political opposition to the regime.<sup>3</sup> As a result, a new round of rectification of civic groups, particularly related to their foreign connections, has quietly been carried out.

Notwithstanding this unfavorable environment, researchers believe that the number of civic groups in China has increased phenomenally in the last few years, an observation that contradicts the official records. Over the years, the number of registered civic groups has fluctuated dramatically, but no significant increase has been recorded. According to the Statistical Yearbook of Civil Affairs, there were less than 110,000 registered groups in 1991, a number that increased to its highest point of more than 180,000 in 1996 but gradually declined

<sup>2</sup> “Memorandum on How the Problem of Alumni Clubs Should Be Handled during the Inspections of Social Organizations” Ministry of Civil Affairs, No. 120, 1992.

<sup>3</sup> It was reported by The Guardian that activists in the revolution were funded and trained in the tactics of political organization and nonviolent resistance by a coalition of Western pollsters and professional consultants that were in turn funded by a range of Western government and non-government agencies. See [en.wikipedia.org/wiki/Orange\\_Revolution](http://en.wikipedia.org/wiki/Orange_Revolution).

to less than 130,000 in 2001. In 2003, the number was slightly above 140,000, which is far below the 200,000 that existed before the enactment of the regulation on social organizations in 1989. The real growth, however, occurred in the area of quasi-legal and illegal groups.

The official statistics also do not cover the local chapters of the eight categories of "mass organizations", such as the Federation of Women, that are members of the Chinese People's Political Consultative Congress and of the 25 "social organizations" that are exempt from registration with the Ministry of Civil Affairs, such as the China Writers' Association. Moreover, social organizations below the county level, especially those that operate within enterprises, government agencies, schools, and communities, are also excluded (Wang & He, 2004). More importantly, a great number of civic groups, often termed "grassroots groups," that operate without formal registration due to the restrictive legal requirements have emerged. Wang and He estimated that these civic groups may number as many as 30,000–50,000 nationwide (2004: 510) and that the number of unregistered "private non-enterprise units"<sup>4</sup> may be as high as 200,000–300,000 (Zhao, 2003). These unregistered civic groups, and in particular the grassroots groups that are active at community level, include book discussion clubs, choral societies, hiking clubs, amateur sports clubs, literary circles, religious groups, hobby groups, elderly associations, friendship groups, students' associations, disease support groups, and the like (Wang and He, 2004: 524). There are also advocacy groups and environmental groups, which face barriers to registration. Some even operate as "virtual organizations" through the Internet. Among these groups, some are genuine NGOs that have a truly non-governmental governance structure, are non-profit in nature, and have social development as their mission, with members participating on a voluntary basis.

The fundamental questions are how these NGOs survive and contrive to grow in China, how they break through the ideological and legal barriers, how they manage to operate under the close surveillance of local state authorities, and where they obtain resources when they are not allowed to solicit donations openly. Relying mainly on

<sup>4</sup> Private non-enterprise units refers to not-for-profit organizations without membership, such as social service agencies, museums, and schools.

cases that were collected in two consultant reports<sup>5</sup> that were supervised by the authors of this paper, we illustrate how scholars and practitioners of NGOs in China intentionally or unintentionally create a space for themselves by breaking the ideological, legal, political, and organizational barriers to their existence by various innovative means.

#### BREAKING IDEOLOGICAL BARRIERS—CONSTRUCTING DISCOURSE ON CIVIL SOCIETY

The idea of civil society was not directly transplanted into Chinese soil given the term's cultural and political baggage. There was a historical context under which the idea was explored, twisted and finally adopted by an authoritarian regime that once attempted to eradicate private space, not to mention autonomous organizations, in the society. To be specific, it was the economic reform since early 1980s that created a need for the Chinese state to allow some forms of association to fill in the gaps in the process of social integration. First, the economic reforms required state enterprises to be market oriented and more independent from government departments or planning commissions. In order to enhance the competitiveness of these enterprises, Chinese government encouraged the establishment of trade associations and research societies with close ties to industries to promote market exploration, technological advancement, and other common concerns.

Secondly, the economic reform created a large group of enterprises, professionals, and workers in the private sector who were not subject to political control or welfare provision in state work units. New forms of organizations, like associations of private enterprises and lawyers' associations, were therefore needed to serve as bridges to the state, so when necessary these organizations could seek government support (e.g. applying for visas for business trips) while the

<sup>5</sup> *Volunteerism in Guangzhou* is a report that was published by the Research Center for NGOs in South China at Sun Yat-sen University in 2003. The research was sponsored by Partnerships for Community Development of Hong Kong. *Global Vision and Civic Education of Shanghai Youth Groups* was a report that was published by the Social Development Center of Fudan University in 2004. The research was sponsored by Oxfam Hong Kong and was supervised by the first author of this paper.

state could also exercise control over them (e.g. requiring the associations to regulate their members). Thirdly, the reform created many social problems like unemployment, inequality, and increased pollution, but at the same time greatly reduced the state's welfare commitment to workers. Charity and social services groups were needed to provide remedial measures. Fourthly, the emergence of more leisure time due to reduction of work days and people's withdrawal from politics encouraged the development of hobbies and other cultural pursuits. Since the state enterprises were then supposed to focus on production and no longer could carter these social and cultural needs as in the past, the state thus tolerated the formation of many informal hobby and friendship groups (Chan, 1999: 263-265; Chan, 2005: 23).

To the Chinese government, the liberalization of associational life in the past twenty years means the enhancement of the development of market socialism through the gradual replacement of the government units that perform certain economic and welfare functions. In this context, the associations are seen as "intermediate organizations" or "bridges" between the state and new social and economic forces. These organizations should be flexible, creative, equipped with advanced knowledge in their respective fields, and always cooperative with if not supplement to the state. It is very different from the western idea of NGO which is defined as an unofficial, not-for-profit, autonomous and voluntary organization that aims at enhancing social and economic development. An official conference that was held in 1993 suggested that a new form of social administration should be created within the Chinese socialist market economy.<sup>6</sup> Under this form of social administration, "social organizations" (*shehui tuanti*), such as business, professional, and social service organizations were then expected to play a more active role when the regime decided to streamline the departments that oversaw state enterprises to further curtail the welfare packages that are provided to the people through these enterprises (Chan, 1999).

<sup>6</sup> The Conference on the Development of Social Organizations and Related Economic Issues under a Socialist Market Economy was held by the Institute of Chinese Social Organizations and the Chinese Science and Technology Development Foundation on October 22-24, 1993. A summary of the conference proceedings was collected in *Collection of Documents on Registration and Administration of Social Organizations* (in Chinese, unpublished).

However, although acknowledging their function, the Chinese state was also alert to the fact that these social organizations might turn into an autonomous and even subversive force to challenge the Chinese Communist Party. Particularly after the Tiananmen Square Incident in 1989, many overseas scholars borrowed the concept of "civil society" to interpret the development of these groups, whereas some exiled dissidents expressed the hope that China would follow the path of Eastern Europe by bringing down the communist regime through a vibrant civil society (Strand, 1990; Whyte, 1992; Ma, 1994; White, Howell & Shang, 1996).

Given the intricate political dynamics, Chinese scholars are exceedingly cautious about constructing a discourse on civil society. According to Ma's survey (1994: 183), the first Chinese publication on the subject appeared in 1986 when an article by Shen Yue in *Tianjin Social Science* unearthed the concept of "townspeople's rights" (*shimin quanli*) from the classical writings of Marx (Shen, 1986). The term refers to the right of equal exchange of commodities that is available to all townspeople, both bourgeoisie and proletariat. The term, according to Shen, had been mistranslated into "bourgeois rights" (*zichangjiji quanli*) in Chinese and these rights were thus regarded as a kind of improper privilege. Following this line of argument, Shen (1990) argues in another article that the term "burgerliche Gesellschaft" that was used by Marx and Engels had also been mistranslated into Chinese as "bourgeois society" (*zichangjiji shehui*). The correct translation, according to Shen, should be "townspeople's society" (*shimin shehui*), which implies the universality of civil rights for different classes, which is a concept that is remarkably similar to the idea of civil society. Fully aware of the political effect of choosing the correct translation for the term "civil society",<sup>7</sup> Deng Zhenglai (1992, 1993, 1995), one of the foremost thinkers in this subject, also adopts the term *shimin shehui* in advocating for the construction of civil society in China. Ma (1994: 192) argues that the concept and theory of civil society that were borrowed by most Chinese scholars in this period focused on the making of a modern citizenry that consisted of

<sup>7</sup> Deng (1993) in his "Study on the Discourse of Civil Society in Taiwan" points out that the translation of "civil society" as *minjian shehui* in Taiwan is to emphasize the confrontation between the state and society to achieve social mobilization by making the state alienated from the people.

law-abiding and civil members of society, and that the existence of this entity did not exclude the active involvement of the state.

In the late 1990s, the emphasis on the co-operation of civil society and the state was taken to a new level by Chinese scholars. Although the translation of "civic groups" gradually changed from "social organizations" (*shehui tuanti*) and "intermediate organizations" (*zhongjian tuanti*) (Wang, Zhe & Sun, 1993) to "people's organizations" (*minjian zuzhi*), which resembles the idea of non-governmental organizations (NGOs), three important concepts were introduced to frame the development of these organizations: "social capital," "third sector," and "good governance".

The publication of *Making Democracy Work* by Robert D. Putnam in 1993 provided a new vocabulary with which to discuss the functions of civic groups in the West and in China. Distancing himself from the liberal tradition of civil society that stresses individual rights and pits civil society against the state, Putnam employs the term "civic community" to denote the republican notion of civil society. In Putnam's eyes, civic community that is composed of civic groups, and particularly non-political groups, is pertinent to the production of "social capital". Adopting Coleman's idea (1990), Putnam conceptualizes social capital as a productive structure of social relationships that consists of networks, trust, and norms of reciprocity. Putnam's study of Italy demonstrates that the social capital that is embedded in the civic community is a key factor in making the north of Italy much more the socially and economically developed than the south. This ground-breaking work provides a framework with which certain Chinese scholars have been able to explicate the meaning of civic groups beyond the much politicized framework of civil society (Chan & Qiu, 1999; Sun, 2001a; Yu, 2003; Liang, 2004a; Wang & He, 2004). Chan and Qiu (1999) published the first article of this type to argue how civic groups might contribute to the production of public goods, and why state control over civic groups should be lifted to encourage the creation of social capital. Wang and He (2004), however, argue that Chinese associations can still produce social capital, even if they do not enjoy the level of autonomy that is enjoyed by NGOs in the West. The commonality of these theses is that civic groups can be functional to social development without necessarily posing a threat to the state.

Another pair of concepts—the third sector and good governance—also provides ideological space for the development of associational

life in China. The third sector, according to Theodore Levitt (1973) refers to the "residuum" of the first and second sectors (the private and public sectors): "it is composed of a bewildering variety of organizations and institutions with differing degrees of visibility, power, and activeness. Although they vary in scope and specific purposes, their general purposes are broadly similar—to do things business and government are either not doing, not doing well, or not doing often enough" (1973: 49). The existence of the third sector, which comprises non-profit organizations, reflects the failure of the business and government sectors to deal with many of the problems that they have created or are widely assumed to somehow solve, or that have never been assumed to be the responsibility of any specified sector. The idea of the third sector is generated from a critique of market and government failure and the desire for a responsive society. Having experienced the inefficiency, abuse of power, and corruption of state socialism during the Cultural Revolution and the inequality, deterioration of the social order, pollution, and other social evils of market socialism during the reform era, Chinese scholars naturally have found the idea of the third sector appealing. In addition to the many articles that have appeared in academic journals (Xu, 1999; Xie, 2000; He, 2000; Xue, 2000; Zhang and Feng, 2000; Xiong, 2001), a series of books was published in 2001 that discusses the fund-raising mechanism, incentive system, monitoring system, legal environment, and other aspects of the third sector in China (Sun, 2001; Guo, 2001; Zhou, 2001; Zhang, 2001; Wang, 2001).

Closely related to the concept of the third sector is the idea of "good governance" (*shanzhi*). Governance is the process of decision-making and the process by which decisions are implemented. However, good governance requires more than the active role of the government. According to the United Nations Economic and Social Commission for Asia and the Pacific, good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. In this regard, civic groups or the third sector play an important role in the process of decision-making and implementation by encouraging participation, building consensus, monitoring the government, and

expressing the needs of the community, particularly the needs of minority groups. He (2001a, 2001b), Yu (2001), Yu and Wang (2001) all use the concept of good governance to discuss how civic groups might contribute to the social and economic development of China in the new era.

The foregoing discussion shows that although many Western scholars and exiled dissidents have adopted the framework of civil society to view the development of civic groups in China, many Chinese scholars have striven to construct a discourse that selectively stresses the functional dimension of civic groups in enhancing the social and economic development of society. Be it social capital, the third sector, or good governance, civic groups are seen as a supplement to or a partner of the state, and the subversive dimension of civil society has been deliberately avoided. These concepts are widely discussed in conferences and training workshops for NGOs and have become a discourse justifying the existence of civic groups in China. Scholars in this field, including some of the authors of this paper, are also consulted during enactment of laws related to social organizations and foundations in recent years. According to a report by *Liao Wang Dong Fang Weekly* (June 15, 2004), the Chinese authorities began to differentiate the concept of NGO from anti-government organization. In Document No. 1 issued by the CCP's Central Committee in 2004, the contribution of NGOs in soothing the "three rural problems" was duly recognized. In June 2004, the Office for Alleviating Poverty under State Council held a meeting with some NGO leaders to explore a larger role of NGOs in fighting poverty. In May 2004, during a closing speech at the World Poverty Alleviation Conference, Premier Wen Jiabao openly remarked that Chinese government would co-operate with international and indigenous NGOs in easing poverty. The direct reference to NGOs in official language and the growing opportunities for NGOs to cooperate with the government indicate a breakthrough on the ideological front. It is partly due to the discourse constructed by Chinese intellectuals as well as China's further integration with the rest of the world that emphasizes cooperation with the third sector in solving social problems.

#### BREAKING LEGAL BARRIERS—PATRONIZED GROUPS AND COMMERCIAL REGISTRATION

As has been discussed, the stringent regulation of civic groups has created tremendous barriers for many NGOs in registering with the authorities, and certain requirements for registration are particularly unfavorable to small-scale grassroots groups. For example, at least 50 individual or 30 organizational members are required, the group should have premises in which to hold activities, full-time staff should be employed, and an activity fund of 30,000 yuan is required for association at the local level and 50,000 yuan for association at the national level. Unable to fulfill these terms, many groups fail to register, and are forced to operate without legal protection. However, some choose to become "patronized groups" or to register as commercial entities to acquire a quasi-legal status to continue their operations.

"Patronized" (*guakao*)<sup>8</sup> groups are groups that are sheltered by government units, state or private enterprises, mass organizations, or registered social organizations. Various factors lead to the formation of patronized groups. Some NGOs limit their scope of activities within government units or social organizations, so that it is natural and legal for them to become subsidiaries of these umbrella organizations. Other NGOs may simply find themselves unable to meet the requirements for registration with the Civil Affairs Department, for instance when similar registered organizations already exist in the same administrative region. Still others may deliberately seek to avoid the strict registration requirements and regular inspections of the government. In some cases, groups organize activities that are so far beyond the scope of their patron organizations that they could be deemed to be violating the regulations (Chan, 2005). Gao (2001) states that many "breathing exercise" (*qigong*) groups have taken this form to develop their networks in the past twenty years. However, as long as these groups serve the purposes of the patron organizations or at least do not bring them any trouble, their activities will

<sup>8</sup> In Chinese, *gua* means "attached to" and *kao* means "dependent". *Guakao* organizations thus refer to groups that are attached to or dependent on other umbrella organizations for protection. As this is a kind of patronage relationship, *guakao* organizations can thus be translated as "patronized groups".

be protected by this quasi-legal status. In addition to enterprises, Gao maintains that universities are one of the most common patrons of such NGOs.

An example of these patronized groups is Lighthouse of Guangzhou. The group was established in 2000 with a mission to bring new knowledge to children in impoverished areas of rural China. The Lighthouse motto is "direction leads life", which signifies the importance of giving children direction in their lives through education. Each summer, Lighthouse mobilizes more than three hundreds university students in Guangzhou as volunteers to offer summer classes for rural students in such subjects as English, science, and computer technology. There are also tutorial groups for children to learn from the volunteers through personal interaction. As the services that Lighthouse offer cover more than one region in Guangdong, the group attempted to register with the Civil Affairs authority at the provincial level. The application was immediately rejected, as the group failed to find a government unit at the provincial level to be its sponsor. Without legal status, Lighthouse encountered many difficulties when organizing activities. At first, they relied on two social service groups from Sun Yat-sen University and Huanan Polytechnic University when applying for the use of public areas. They also sought support from the Communist Youth League through personal connections. Although Lighthouse has been able to expand its membership and services without legal status, for the sake of avoiding trouble in organizing activities and raising funds the group decided to become a "project" under the Research Center for NGOs in South China at Sun Yat-sen University in 2005.

Another example is an environmental group called Green Earth Volunteers (GEV), which was founded in 1997. The group organizes many environmental projects, such as tree planting. They also organize weekly discussion sessions on environmental issues. As there are similar environmental groups in China, they may not be qualified to register with the Civil Affairs Department. Moreover, the founders prefer an informal style of organization and are confident that their existence is supported by a large number of people in the community, they decided not to seek registration (Knup 1997; Sun 2000). However, in 2003, this group finally became a patronized group under the Society for Chinese Culture Study, which is an association without much connection with environmental protection.

Still another example is the Women's Legal Studies and Service Center at the Law School of Peking University. The Center was established in 1995 by a group of professors, students, and lawyers in the Law School. By 2000, the Center had provided more than 6,000 legal counseling sessions to the public and represented more than 260 underprivileged women in legal actions free of charge. Guo Jianmei, Director of this Center, expressed in a report that the Center had faced many difficulties, especially pressure from the government due to a lack of understanding of NGOs, insufficient legal and policy support, and a lack of local funding (Guo 2001).

Although patronized groups are immune from direct inspection by the Civil Affairs Department, they may face even more stringent scrutiny from their patron organizations. For example, one famous university has promulgated an internal regulation on the administration of student bodies that requires these bodies to apply for permission from the university authorities before any activities are held, and for activities that involve more than one organization either inside or outside the university, permission has to be sought from higher-level authorities. In such cases, patronized groups enjoy even less autonomy than some registered groups (Gao 2001).

To avoid the problem of finding a patron organization, some NGOs have resorted to registering as commercial entities. Starting as a private research institute on labor issues in 2001, the Institute of Contemporary Observations (ICO) in Shenzhen has become one of the most influential labor NGOs in China. Until 2004, the institute had more than 30 full-time staff and offered a variety of services. The institute promotes labor rights through a hotline that gives legal advice to workers and a community college for migrant workers. The institute has also carried out many consulting projects to assist transnational corporations in the Pearl River Delta to comply with corporate social responsibility requirements. Dr. Liu Kaiming, the founder of the institute, expressed in an NGO forum at Sun Yat-sen University that the institute chose to register as a business entity not because he was unable to find a patron in the government, but because he did not want the institute to operate under the close scrutiny of the government in accordance with the regulation of social organizations. According to one study, it is also preferable to the local authorities for some civil groups to register as businesses, as this enables the state to extract more revenue through

taxes. When an organization is charging fees, such as the community college for migrant workers that was established by the ICO, it also appears to be less “political” in the eyes of the government (Berger, 2004: 29–30).

It is sometimes difficult to differentiate civic from commercial activities. In Shanghai, the Nomad Outdoor Club, together with the Shanghai Aodao Business Consulting Company, has provided a great variety of activities for lovers of the outdoors since 2001. The club is registered under the Shanghai Hiking Association as a patronized group, but the founder and some of the core members of the club established the company to run its activities in a business model. The profits that are made by this firm are used to sustain the operation of the club, such as paying the salaries of full-time staff. The club at present has more than 50,000 members, each of whom pays a 365-yuan membership fee. Additional charges are made for activities such as diving, rock climbing, hiking, and the like. In addition to being a hobby group, the Nomad Outdoor Club has also set up a charity group to promote environmental concern by mobilizing members to clean up the Huangpu River and other hiking trails. The group also encourages its members to get involved in charity by donating books, blood, and marrow. The club is good at mixing outdoor activities with charity. For example, the club mobilized members to bring books to a village school in a remote area of Anhui by foot. In conjunction with a newspaper, the club also mobilized its members to walk 18 days along the Huangpu River to promote environmental protection.

Thus, notwithstanding the stringent laws on civic groups, many Chinese NGOs strive to operate without legal status or acquire quasi-legal protection by becoming patronized groups or commercial entities. But to find a patron organization that is supportive of an NGO is not a simple task. Even if an NGO does manage to find a patron, this patronage itself does not provide complete protection for the NGO when its activities go beyond certain boundaries. Blurring the non-profit and commercial models may also create other problems. The ICO was criticized for its mismanagement and “mission drift” and for possible financial misconduct, which finally led to Berkeley University withdrawing its sponsorship from the community college (China Development Brief, 2005).

#### BREAKING POLITICAL BARRIERS—COOPERATION WITH LOCAL GOVERNMENT

Although many Chinese NGOs choose to become patronized groups or business entities, this quasi-legal status can never offer them sufficient protection unless they know how to cooperate with local government. NGOs that know how to manage this political relation, on the contrary, may be able to survive even without legal status. In handling the relationship with local authorities, NGOs should avoid bringing political trouble to local leaders. To further claim their “legitimacy” or “right to exist”, NGOs need to provide valuable services to the community that will eventually enhance the political career of local leaders.

To avoid bringing trouble to local government, NGOs usually operate in the “safe zone” on projects such as poverty alleviation, gender issues, and education. When working in sensitive areas such as labor, NGOs need to be careful not to overstep the tacit boundaries that have been laid down by the government. For example, the community college that was established by the ICO aimed to educate migrant workers about labor rights and organization in the factories of trans-national corporations. The ICO was very cautious in emphasizing that the outcome of such training would not lead to the establishment of independent trade unions, which is prohibited by the state (Berger, 2004: 27).

To further justify their existence, NGOs need to provide valuable services to the community in the eyes of local leaders. For example, traditional groups such as the “flower clubs” (*huahui*) in Beijing, and the “incense clubs” (*xianghui*) and “temple clubs” (*miaohui*) in rural areas are formidable forces in promoting social integration in certain communities. These indigenous religious groups were quite active even after the Chinese Communist Party took power in 1949, but were forced to stop their activities during the Cultural Revolution from the late 1960s to the late 1970s. There has been a remarkable revival of these groups since the economic reform. They collect donations from the residents in their communities to organize religious activities, help the needy, and improve the local school environment. Seldom do these groups register with the authorities, but through traditional rituals and sometimes by displaying souvenirs sent from, and photos taken with, local officials during public ceremonies, their status is “legitimized.” Moreover, as local governments always invite

these organizations to help make important festivals a success, their activities often extend well beyond their localities (Gao 2001).

In urban areas, many volunteer associations that have been established under official residents' committees are in fact NGOs that operate quite independently. One example is a youth volunteer group in Shanghai that is named Grassroots Community (*Re Ai Jia Yuan*). The group promotes a sense of belonging to the community, helps the needy in the community, promotes the spirit of mutual assistance, and has formed a network with other NGOs to benefit the public. In 1995, a group of law students at Fudan University volunteered for the first time in Shanghai to provide free legal advice services to residents. This became an unforgettable experience to some volunteers, and in a reunion in 2000 they decided to establish a civic association to continue the service. Very soon, they ran into difficulties in registering with the authorities unless they got some big names, sufficient funding, and staff. Finally, they were forced to remain as a student body (the Legal Aid Center of Fudan University), to provide legal advice, even though they were already graduates, some of whom were working in foreign firms.

To establish itself in the community, Grassroots Community first needed to solicit support, inevitably through *guanxi*, from the official residents' committee. Learning that they were just a group of young professionals who claimed to follow Leifeng's model by providing free legal advice to people, the head of the residents' committee felt more at ease. Coincidentally, the Elderly Committee was asked to promote laws on the rights of the aged in the community and was desperately in need of legal expertise, and so the volunteer group was able to find a foothold. Later, in a Lunar Year event, the volunteer group was able to further secure their status in the community by donating gifts to the elderly in front of officials from different departments. Nevertheless, despite the importance of their service to the community, the group was warned by local authorities not to represent the residents in litigation, particularly as they provided legal education on the rights of residents that are related to urban redevelopment. In 2004, Grassroots Community became a registered social organization under the supervision of the Communist Youth League providing not just legal advice to residents in Shanghai, but also programs that promote environmental protection and public spiritedness. At present, the group has 56 members and more than 100 stable volunteers (Zhu, 2004). In a nutshell, the group's acclaimed

status was built upon the expertise and valuable services that indigenous groups and grassroots state organs gravely lack.

The valuable services that NGOs provide to the community may sometimes serve to build up the credentials of local officials and enhance their career development. The efforts of the ICO efforts in corporate social responsibility in a way have helped trans-national corporations to respond to the pressure from Western consumers to meet labor standards and ensure environmental protection. If trans-national corporations do not follow corporate social responsibility standards (e.g., SA8000), then they may lose their consumers. As a result, the ICO not only helps trans-national corporations to maintain their business, but also serves to attract foreign investment to the Pearl River Delta. As international investment is crucial to the local government for taxation and status at the central level, the existence of the ICO serves the interests of local officials as long as it does not create more labor disputes (Berger, 2004: 31).

The Green Hope Volunteer Network is an active environmental group in Guangzhou with more than 200 members. The group has launched many educational programs through a mobile educational station that is called the Small Tiger Truck. Together with Greenpeace, Green Hope has raised the safety issue of genetically modified food in China. Knowing that it would be difficult to register with the authorities, Green Hope chose to become a patronized group under the Green Hope Association, which is the educational arm of the Guangzhou Environmental Protection Bureau, through personal connections. The reason that Green Hope is acceptable in the eyes of officials somehow relates to the environmental protection laws in China. According to the founder of the group, who is also one of the authors of this paper, the law is quite progressive in that it allows environmental NGOs to undertake a great variety of activities, and thus the authorities would feel embarrassed to crack down on groups that promote a cause that is embraced by the state itself. As environmental education is also a major task that the local environmental authorities need to carry out, Green Hope in a way has assisted the authorities in carrying out this task. For example, one of the most successful events organized by Green Hope was to invite Liang Congjie, the esteemed leader of the environmental movement from Friends of Nature in Beijing, together with his mobile educational center, to visit Guangzhou. The event attracted media coverage in the local newspapers and made Guangzhou appear as a "green

community” that valued environmental protection. Without the connections of these NGOs, the local authorities would not have been able to entice Liang to Guangzhou.

To ensure the tolerance of local authorities, grassroots organizations need to be careful not to overstep the boundaries that are laid down by the state, and should in particular avoid sensitive issues such as the creation of independent trade unions or resistance to urban redevelopment. Although many environmental groups in China are active in organizing signature campaigns and other collective action against environmentally unfriendly projects such as the construction of dams, their actions are non-violent and are usually low profile. However, not all grassroots organizations are willing to stay in the safety zone or are able to be on such good terms with the local government. The Chinese government cracked down in 1998 on Corruption Monitor, an NGO that was based in Henan province, after it failed to register with the Civil Affairs Department as a national NGO for the promotion of clean government. The group was denounced by the government for having illegally organized cross-regional activities. The existence of the group was also deemed unnecessary by the authorities, as “the state had already established a sound system to monitor the problem of corruption.”<sup>9</sup> In coastal regions such as Guangdong, the authorities have cracked down on NGOs such as the Male Migrant Workers Association and the Female Migrant Workers’ Association. An internal document shows that by August 1994, 27 workers’ associations or committees had been established by workers and retired employees in state-owned enterprises in 14 provinces. With the mission of fighting for “work, survival, and food”, these NGOs demanded that the authorities pay their overdue salaries and pensions.<sup>10</sup> Religious groups such as the underground Christian churches and the Falun Gong are also under constant surveillance, and their members may from time-to-time be forced to receive “thought education”.

<sup>9</sup> “‘Corrupt Behaviors Monitor’ Was Banned”, *Ming Pao*, Nov. 1, 1998.

<sup>10</sup> “Report on Properly Handling the Voluntary Organizations Established by Some Employees in Enterprises,” released by the Ministry of Public Security and originating from the Office of the Central Committee of the Chinese Communist Party and the Office of the State Council, No. 34, 1994.

#### BREAKING ORGANIZATIONAL BARRIERS—“RESOURCE DRIVEN” AND FOREIGN FUNDING

In a survey of registered social organizations, we found that the most pressing issue that is faced by these associations is financial problems. Having secured their legal status, only 7% of the organizations that responded stated that they needed more autonomy, and only 10% claimed that they needed more legal or policy support. However, 50% of these associations expressed that they needed more funds from the state, and some 70% indicated that they were in a difficult financial situation (Chan & Qiu, 1999).

In the same survey, we also found that around 60% of these organizations received subsidies from the state, but that the amount was moderate. On average, direct state subsidies constituted 29.6% of their revenue and other subsidies (such as through state enterprises) constituted 7.4% of revenue, which is below the global average (Wellner, 2005). Only a few organizations were able to provide services of commercial value or to establish their own economic entities. The percentage of social organizations that collected more than half of their revenue through service charges or from the profits of their enterprises was only 3.5% and 5.9%, respectively. On average, service charges and economic entities accounted for 5.9% and 6.4% of revenue, respectively. Social organizations also find it difficult to raise funds from donations. Only 4.7% of the registered social organizations in the survey could rely solely on donations. These were mainly foundations, charity groups, and religious bodies. On average, donations accounted for 13% of the revenue of the surveyed social organizations, and membership fees were the most important source of revenue, accounting on average for 31.8% of revenue (Chan, 2005).

As government funding has become increasingly inadequate, these organizations have to seek funds from their communities and from overseas. Although some NGOs have turned themselves into semi-official organizations to seek financial or political resources from the government, some official and semi-official organizations, on the contrary, have attempted to become more non-governmental to solicit donations from Hong Kong and overseas. The status of some civic groups may well be a result of such a strategic decision. We term this phenomenon being “resource driven”. Whether these social groups will choose to maintain a closer relationship with the state depends

on the importance of political versus financial resources, and the importance of the state versus the local community and overseas foundations in obtaining more resources. These strategic decisions are also constrained by the nature and localities of the social groups concerned. Many foreign foundations may prefer to support certain types of NGOs that are located in Beijing or the major coastal cities.

In term of resources, grassroots organizations are more financially independent from the state than registered social organizations. As the state encourages the establishment of business associations, many grassroots groups do not receive any state subsidies, either because they are not related to economic development or because they have no legal status.<sup>11</sup> Without legal status, grassroots groups also find it difficult to obtain donations, as they are not eligible to open independent bank accounts. A tiny percentage of these NGOs is able to generate revenue through services. The ICO is able to support its 30 full-time staff by providing consulting services to trans-national corporations to help them to meet standards of corporate social responsibility. By charging fees during activities, the Nomad Outdoor club in Shanghai is also able to keep its organization running well without any subsidies from the government. The YMCA and YWCA in Guangzhou derive some revenue from renting out part of their properties. However, not all grassroots groups possess these skills or attributes, nor do most of them collect membership fees as the registered groups do,<sup>12</sup> and more often than not they are quite helpless in securing resources to keep their operations going. One grassroots leader told us, "we don't have a stable source of revenue. It's just like worrying about the next meal right after finishing one." Eventually, such groups either resort to cost-cutting by relying heavily on volunteers and Internet technology, or to soliciting overseas funding.

Many NGOs do not have the resources to hire full-time staff and need to rely on volunteers to run their operations. The units under the executive committee of Lighthouse, which include human resources (recruiting and training volunteers), education, and "branding" (promoting the organization), are completely operated by volunteers.

<sup>11</sup> Except that patronized groups, such as university student bodies, may receive subsidies from the Committee of the Communist Youth League or other university authorities.

<sup>12</sup> For example, in the 22 Guangzhou volunteer groups that we studied, only 1 group collected a regular membership fee.

Although it has one full-time staff member, Green Hope also relies on volunteers to run several working groups that focus on the internet, media relations, public education, and research. The "AA system", or splitting the cost between members or volunteers, is a way for many NGOs to reduce their financial burden. Even if some NGOs have funding enough to employ a few full-time staff, they very often do not have any spare money for program fees, and thus volunteers share the costs when they organize activities. For example, Green Earth Volunteers organizes activities that are carried out by volunteers who generally pay their own way to participate in such projects as planting trees in the Engebie Desert. Green Hope volunteers also have to pay their own costs when participating in conferences or environmental activities.

The Internet is widely used by grassroots organizations. For example, Lighthouse ([www.lighthouse.org.cn](http://www.lighthouse.org.cn)), Green Hope ([www.food-safety.org.cn](http://www.food-safety.org.cn)), and a virtual environment group called Green Web ([www.greenweb.org.cn](http://www.greenweb.org.cn)) in Guangzhou all maintain their own websites, as the Internet is both an inexpensive and efficient medium of communication. The bulletin board system (BBS) of these websites are frequently used for information dissemination and discussions among members to create a more egalitarian form of organization. Wang and He's study (2005) shows that some virtual association life can be transformed from cyberspace into formal or informal associations in the real world with minimal cost. Net-mates are now quite common to hold hobby activities together beyond cyberspace such as traveling, sport, reading and even debate. Indeed, since printing materials are closely monitored by the government, the Internet has become a formidable means in China to construct a public sphere for discussing public affairs and a platform for social mobilization. Wang and He (2005: 533-535) estimate that there were 15 million regular BBS users and 100,000 BBS forums in China by 2004. SMTH BBS ([www.smth.org](http://www.smth.org)), a famous university-based BBS, has 150,000 member IDs. It offers over 300 boards, covering almost every area of university life. *Tianya* Virtual Club ([www.tianyaclub.com](http://www.tianyaclub.com)), a BBS with more than 1 million registered IDs, owns a board *Guantian Teahouse* which is a virtual tea bar for those who are interested in political debate. Constitutionalism, citizenship, and democratization were hot topics in their gatherings. Thus, the implication of internet use goes far beyond the purpose of saving organizational costs. It has already exhibited a great potential in breaking political barriers.

The huge demonstrations against Japan in April 2005 have showed the power of e-politics in the most digitally connected cities like Beijing, Guangzhou, and Shenzhen.

In addition to minimizing their costs, many NGOs are eager to seek financial support from overseas, and many foreign foundations are active in China today, such as the Ford Foundation of the United States; the Ebert Foundation of Germany; the Japan Foundation; the Asia Foundation; the Luce, MacArthur, Rockefeller, Rockefeller Brothers Fund and the Ling Nan Foundation of the United States; and Oxfam and Partnerships for Community Development of Hong Kong. These foundations have sponsored hundreds of projects in more than 20 provinces in China (Ding 1999: 56).

Oxfam, for example, provided some start-up funds to help establish the ICO, and the ICO community college was sponsored by the U.S. government through Berkeley University. The Grassroots Community of Shanghai received funding from the Swedish government to hire a full-time assistant. Green Hope was supported by Oxfam and Partnerships for Community Development in Hong Kong. In Beijing, foreign foundations contributed 1.32 million RMB (around USD 160,000) or 52% of the total revenue of Friends of Nature up until 1999. As of 1999, the Global Village (GECIB) had received a total of USD 390,474 from the Ford Foundation, the World Wildlife Fund, and other NGOs and enterprises (Sun 2000). Hong Kong is also a major source of funding. For instance, one-third of the donations that were received by the China Youth Development Foundation for Project Hope came from overseas, with 90% coming from Hong Kong firms, businesspeople, and individuals. Zhang (1995b: 527) estimates that for many national foundations, donations from overseas account for 60% of their total financial resources. However, no systematic study has been conducted to estimate the extent of foreign funding in grassroots organizations.

Foreign donations cover a wide range of social and economic development projects, particularly in the areas of women's development, environmental protection, public health, poverty alleviation, and education. For example, the establishment of the legal aid center at the Law School of Peking University was supported by the Ford Foundation. The Women's Hotline that is run by the NPO Beijing Red Maple Women Counseling Service Center is supported by the Global Fund for Women and the Ford Foundation, and the training of on-line counselors is supported by the United Nations'

Development Program and the Turner Foundation. This hotline has provided on-line counseling services to more than 40,000 callers since 1992 (Wang X., 2001). Foreign NGOs such as Save the Children Fund, Oxfam, and World Vision International concentrate their donations in the Western region of China in poverty alleviation, environmental protection, community development, education, and health projects that set up successful models of development, enhance the transmission of technology, and train local talent (Deng 2001). The Ford Foundation, the Asia Foundation and the Rockefeller Foundation also support many academic activities, such as conferences that are held by the Chinese Association of American Studies. Up to the mid-1990s, the Ford Foundation had contributed a cumulative total of USD 50,000 to the Chinese Association of American Studies in support of its academic publications (Zhang 1995a: 103-4). Green Hope of Guangzhou has also been supported by Partnerships for Community Development in organizing capacity-building courses for NGO leaders in the past two years.

This shows that foreign donations have contributed significantly to the establishment and maintenance of NGOs in China, and have helped to train local talent for NGOs. Cooperation with foreign governments and NGOs has also helped Chinese NGOs to be more transparent.<sup>13</sup> The continuous interaction with foreign NGOs has provided Chinese NGOs with many opportunities to learn from their experiences, systems, and mobilization strategies (Gu and Gan 2001). This foreign influence on the development of Chinese NGOs may, however, create tensions with the state on some occasions. The Chinese state has been controlling this sector through strict legal and administrative measures, but is unable to do it through financial means. Foreign subsidies to these NGOs will be welcome as long as they do not fundamentally disrupt the corporatist arrangements. The Chinese government has witnessed the global mobilization of the Falun Gong and Tibet's Independent Movement, and will definitely keep a close watch on NGOs that receive foreign assistance.

<sup>13</sup> The China Youth Development Foundation changed its internal audit system as a result of criticisms that it received from Hong Kong newspapers and collaborators. For example, one sponsor from Hong Kong demanded a field visit to the school to which the sponsor had contributed. After a detailed comparison of the school with the agreed blueprint, the sponsor requested a partial refund due to the reduction of the school's size. See Chan (2005).

## CONCLUSION—CIVIL SOCIETY IN THE MAKING

The foregoing discussions demonstrate how Chinese NGOs have overcome constraints at the ideological, legal, political, and organizational levels. Ideologically, proponents of Chinese NGOs carefully chose the Chinese phrase for “civil society” to avoid conflict with socialist ideology, and later emphasized the functions of NGOs as the “third sector” that produces “social capital” and attains “good governance” for society. The confrontational dimension of civil society has been deliberately avoided. At the legal level, some unregistered groups have resorted to business registration or have become “patronized groups” to acquire quasi-legal protection. At the political level, grassroots groups need to cooperate with local state authorities by not stepping out of the safe zone, and by providing valuable services to the community and enhancing the political prospects of local officials. At the organizational level, these groups rely on volunteers and Internet technology to reduce costs, and also share program costs among volunteers and acquire funds from foreign foundations. Particularly since the late 1990s, many NGOs have become more successful in breaking these barriers, which is gradually leading to what Wang and He have termed “associational revolution” in China.

Admirable as these efforts may appear, their strategies have also led to many unresolved issues. Although a few publications have used the terms “NGO” and “civil society” recently (Yu & Wang, 2001; Cao & Luo, 2003; Liang, 2004b; Zhu, 2004), the function of civil society to protect civil liberties by taming state power has not been adequately addressed due to ideological constraints. Although many NGO leaders understand the importance of monitoring the government through collective efforts, without a language to supports this type of action in everyday life their choice of strategies to fulfill this mission is inevitably limited. The quasi-legal status that is acquired through becoming a patronized group does not provide sufficient protection, especially as many patronized groups organize activities beyond the boundaries that are covered by their patrons. Registering as an economic entity may also involve moral hazard for NGOs, because company law does not guarantee the governance structure and auditing system that are appropriate for non-profit organizations. Maintaining good relations with local authorities may also imply that the scope of action of NGOs is completely defined

by the state, and NGOs in such situations need to be very innovative in stretching the tacit boundary that is agreed by the two parties. Insufficient resources have led to under-staffing in NGOs both in terms of quantity and quality. There is a saying in the NGO sector that the best people go to government, the second best to enterprises, and the worst to NGOs. Relying on volunteers may solve the problem of the brain drain for the moment, but it is not a sustainable solution. Relying on overseas funding runs the risk of NGOs being constrained by foreign foundations in the choice of mission and model of work. It also heightens fears in the Chinese government that NGOs may turn into a subversive force in the future.

Given these constraints, the impact of Chinese NGOs on the political and accountability structure of the state is greatly confined. At the First National Conference on the Management of Social Organizations, which was held in September 1992, a state councilor proclaimed that “small government, big society” was the goal of political reform.<sup>14</sup> We find, however, the goal of this reform unclear and the pace exceedingly slow. No corporatist mechanism has been established so far to systematically channel the voice of NGOs to the government’s decision-making process. Only a tiny portion of the civic associations, particularly those business organizations, have the privilege to be consulted during law-making process.<sup>15</sup> “Small government, big society” apparently does not imply the way power is to be shared. It is more about how the economy should be run and public services should be provided. Even in the latter conception of “big society”, no bold steps such as channeling substantial resources to the third sector have been taken by the state to materialize the goal. But some NGOs, particularly those in the area of environmental protection, took this political goal seriously by being actively engaged in opposing some unwelcome public construction projects, very often through non-institutional means like media and internet.

<sup>14</sup> The speech was given by State Councilor Chen Junsheng, and was included in *Collection of Documents on Registration and Administration of Social Organizations* (in Chinese, unpublished).

<sup>15</sup> The Guangzhou Private Entrepreneurs’ Association was actively involved in lobbying the legal penal in the Guangzhou People’s Congress and the Finance and Economic Committee of the municipal government to enact a regulation for the management of private enterprises so that their members would not be treated arbitrarily by government authorities.

In response to the rising public pressure, the government has recently suspended a dam construction project in *Nijiang* and ordered a more thorough assessment. This incident demonstrates the potential of how the emerging civil society may hold the government more accountable in the future.

The NGOs' intentional actions in circumventing the constraining structure reveals also the changing state-society relations in China under globalization. Renee Hsia and Lynn White III (2002: 333) argue that the increased toleration of foreign and indigenous civic groups is a result of the Chinese government's desire to achieve greater legitimacy on the international front and at home. Beijing leaders are aware that regimes are often judged by their ability to provide for the needs of their citizens, particularly when the present regime adopted the "people-centered" (*yi ren wei ben*) party line. They thus countenanced a growth of civic groups and foreign support to help tackle the social needs generated by its economic reforms. If the Chinese leaders continue to value this source of legitimacy and when China is further integrated with the rest of the globe, we envisage a larger space for the development of civil society in China.

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