Civil Life, Globalization, and Political Change in Asia
Organizing between family and state

Edited by
Robert P. Weller

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The case of China

Kin-man Chan

Introduction

China’s economic reforms since the late 1970s have not only dramatically changed its economic structure by expanding the scope of markets and private ownership, but have also had major impacts on the social and political arenas, changing it from a totalitarian to a post-totalitarian regime (Linz and Stepan 1996: 44–5). One indicator of this political change is the expansion of social space for people to associate with each other in the pursuit of common interests and values, as can be seen from the exponential increase in the number of NGOs during this period. However, since the regime is far from being liberal–democratic, these NGOs have to constantly negotiate with the state on where their boundaries will be drawn.

Contrary to the expectation of most Western observers, these NGOs do not always struggle for independence from the state. Rather, they may strategically turn to the state to secure the political and economic resources required for their development. On the other hand, if they need to seek funds from foreign sources, such as US-based foundations, even organizations established by the party–state will strive to cut their official connections to make themselves eligible to receive foreign support. This happens more frequently in certain types of social groups in Beijing and other major coastal cities. In this respect, globalization, in terms of funding from developed countries, enhances the independence of NGOs in countries like China, where the regime is still suspicious of any autonomous social force and the people have yet to fully appreciate the significance of supporting civil society.

Economic reforms, liberalization, and the transition from totalitarianism

The reforms in China over the past 20 years follow Deng Xiaoping’s ideas on restructuring the economy while maintaining political stability. Their focus is to give market and private ownership a more important role in economic development. Before these reforms were implemented in the late 1970s, all farms and factories in China were owned by different levels of state authorities under its command economy. Markets were minimally involved in allocating goods and determining prices, and private enterprises and farms were prohibited in the name of socialism. One result of this was the extensive wastage and low-quality production that are so typical of the “soft budget constraints” in most socialist countries (Kornai 1989: 45).

The eradication of markets for goods and labor also made people completely dependent on the state for meeting their basic needs. Before the reforms, the Chinese people were organized into different types of danwei, or work units (Walder 1986), especially in state enterprises in cities and production teams in rural areas. Their jobs were assigned by the state, usually for life, and workers could only enjoy social welfare provisions such as housing, medical care, and pensions through these units. Furthermore, since these goods and services were not available in the market and people could seldom change jobs, they were completely controlled or “encapsulated” by the state.

During the Cultural Revolution, China in many ways resembled a totalitarian regime as defined by Linz (Linz and Stepan 1996: 44–5). First, there was no significant economic, social, or political pluralism: the Chinese Communist Party (CCP) had a monopoly on power and allowed no space for a “second economy” or “parallel society” to develop. Second, communism as the official ideology provided a basis for policy formation and a sense of mission for leaders and their followers. Third, the party–state initiated extensive mobilization of people on a massive scale for political movements and development projects, while private life was denied. Fourth, as a charismatic leader, Mao ruled with undefined limits and great unpredictability. Recruitment to the top leadership was highly dependent on an individual’s ideological commitment and Party performance. The only problem with this totalitarian imagery is that it emphasizes overt conformity to the state while it neglects subtle resistance to the regime, including people using personal connections with officials to circumscribe state power in everyday life (Walder 1986; Scott 1990).

The reforms that began in the late 1970s were the regime’s response to the stagnant economy and legitimacy crisis that had emerged earlier in the decade. The expanded role of markets in the economy led to the reinvention of private markets in rural areas as well as the “separation of the state from enterprises” in the cities, which had significant implications for the restructuring of state–society relations. State enterprises were given more autonomy in what they produced to meet market demands. As a result, factory managers put aside their political role in controlling workers and focused on making their enterprises profitable: they took steps to improve their products and services, cut back welfare packages, and even laid off unproductive workers. At the same time, skilled workers were rewarded with higher salaries, and a labor market gradually emerged. In the past few years, many state-owned enterprises have been privatized or even gone bankrupt, signifying the state’s determination to retreat from directly interfering in the economy. This fundamental change will eventually lead to the loss of political control over the people through the work unit system, as workers find jobs as well as goods and services through markets (Walder 1991).
The development of private enterprises has also dramatically changed the landscape of wealth distribution. In 1978, the proportion of industrial output accounted for by state enterprises amounted to 80.8 percent — by 1996 it had declined to 68.7 percent and in 1997 to a low of 26 percent. During those two decades, the state lost its monopoly on the economy, while the blooming of the second economy created a middle class comprised of private entrepreneurs, managers, and professionals. The state then donated some resources to the budding civil society and began to liberalize the social lives of the people to reduce political tensions and promote consumption and production.

These social and economic changes have gradually brought China close to what Linz defines as post-totalitarianism. First, limited social and economic pluralism (though without political pluralism) has emerged, especially with the phenomenal growth of the second economy. Second, though the guiding ideology still at least officially exists, the commitment to utopia has weakened: “socialism with Chinese characteristics,” “primitive stage of socialism,” and the paradoxical “market socialism” are examples of how doctrinal Marxism has been diluted. Third, only sporadic mobilizations have been launched to achieve a minimum degree of conformity and compliance with the official agenda: boredom, withdrawal, and ultimately privatization of the population’s values have become accepted facts. Fourth, top leaders are seldom charismatic. Recruitment to top leadership is restricted to Party officials, but leaders increasingly come from technocratic backgrounds. This transition to a post-totalitarian regime has now opened up spaces for the development of NGOs.

**Small government, big society: the role of NGOs in the reform era**

When Zhu Rongji was made premier of China, his vigorous program for furthering marketization and streamlining bureaucracy made the first meeting of the Ninth National People’s Congress (NPC) in 1998 a milestone in China’s reforms. But because the spotlight was on the Chinese political leader’s determination to tame state intervention in the economic arena, little attention was paid to its implications for the role of society. In fact, the government’s report to the ninth NPC stated that, along with the plan to cut the size of the government, “intermediate social organizations,” a social structure to mediate between individuals and the state resembling NGOs, should be promoted to enhance the development of market socialism.

This idea of restructuring state-society relations has been much discussed in recent years. At the First National Conference on the Management of Social Organizations, held in September 1992, a state councillor suggested that “small government, big society” would be a trend in China’s political reform. In 1993, participants at another official conference reiterated the suggestion that a new form of social administration under the Chinese socialist market economy should be created. They argued that “social organizations” (shenhua guanli) such as business, professional and social service organizations should play a more active role in linking the Chinese state with business, as well as social and cultural sectors. They also urged that social organizations should be given more autonomy to achieve the “three selves” (sanzi) — self-governance, self-management, and self-support (ziwu, zili, zili) — in order to become truly nongovernmental.

The state therefore encouraged the development of NGOs, as they could assist it in implementing a new form of social administration in several ways (Chan 1999). First, the economic reforms required state enterprises to be market oriented, so that these enterprises would eventually have to face “hard” budget constraints. As these enterprises could no longer rely on government departments or planning commissions to enhance their production and sales, business organizations and specially industry associations and research societies with close ties to industries were swiftly established to promote market exploration, technological advancement, and other common concerns.

Second, China’s economic reforms 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 organization, like associations of private enterprises and lawyers’ associations, were therefore needed to serve as bridges to the state, so these organizations could when necessary seek government support (e.g. applying for visas for business trips).

Third, the economic reforms created many social problems like unemployment, inequality, and increased pollution, but at the same time greatly reduced the state’s welfare commitment to workers through traditional work units. Many NGOs were established to tackle these issues with impressive developments in the areas of environmental protection, women’s services, and providing basic education in the country’s impoverished interior regions.

Fourth, the emergence of more leisure time due to the state’s promotion of consumption (by, for instance, reducing the work week from six to five days) and people’s withdrawal from politics encouraged the development of hobbies and other cultural and religious pursuits. Since the work units could not cater to these needs, NGOs like hobby and friendship groups grew phenomenally. The development of NGOs in China can therefore be seen as an emerging public space catering to the social needs that the state, families, and markets could not accommodate.

The transition from a totalitarian regime has, however, left many public issues unresolved. Some of these are partially absorbed by families, such as laid-off workers who are financially supported by their families (Chan and Qiu 1999a); others are absorbed by the market, such as the handling of some communities’ sanitation and public order problems by property management companies. But many other problems are either beyond the capabilities of families to solve or do not provide profitable market opportunities, and it is here that the “third sector” or NGOs emerge as public responses to these problems.

Citizens’ participation not only provides an alternative way to solve problems and fulfill needs more effectively, but also creates “social capital” in terms of trust, norms, and social networks that the state and markets are unable to produce. The Chinese government readily understands that these NGOs could become an
independent force that could threaten the regime at time of crisis like the 1989 Democracy Movement in Tiananmen Square. The government has therefore imposed strict legal and administrative controls over these groups, to ensure cooperation from these groups and to minimize their potential danger. As a result, many of them are not really nongovernmental, and researchers find it extremely difficult to identify the NGOs in China.

Distinguishing NGOs from other registered groups

If an NGO is defined as an unofficial, not-for-profit, autonomous and voluntary organization that aims at enhancing social and economic development (Zhang 1995a: 94; Shaoguang Wang 2001: 382–3), then some NGOs might exist in China, in the form of “registered intermediate organizations.” These are legally established groups which aim at mediating among members within certain sectors of society, as well as between sectors and the state. There are three types of registered groups.

First are the “social organizations” (shehui tuanti) registered under the Regulation on the Registration and Management of Social Organizations, which was promulgated in 1989 and amended in 1998. Section 2 of the 1998 regulation defines social organizations as nonprofit organizations voluntarily established by Chinese citizens to pursue common goals. This definition closely resembles the Western concept of NGOs.

The second type of registered group is the nonprofit organizations (NPOs, minban feijiyue danwei) registered under the Provisional Regulation on the Registration and Management of Mass Nonenterprise Units, which was promulgated in 1998. Section 2 of this regulation defines NPOs as organizations providing not-for-profit social services. They can be established by enterprises, social services agencies, social organizations, or other social forces, including individuals using nongovernmental assets. Unlike the social organizations, these NPOs usually do not have a membership. They include organizations like social services agencies, schools, museums, and so on.

The third type of group includes foundations (jisum hui) registered under the Management Method of Foundations of 1988. This type is defined as “mass, not-for-profit organizations that exercise management over funds donated by Chinese and foreign organizations and individuals. Their objectives are to assist the development of scientific research, education, social welfare and other public services” (Zhang 1995b: 523).

Before the CCP took power in 1949, many social organizations, such as guilds, academic associations, student bodies, and religious and philanthropic organizations, had been quite active (Zhang 1995a: 95). An estimated 26,126 of these groups with a total of more than 5 million members were active in the areas controlled by the Nationalist regime, along with 9,982 commercial and industrial organizations (White et al. 1996: 19). They were later abolished or replaced by state-controlled social organizations, especially after the promulgation of the Provisional Method for Registration of Social Organizations (shehui tuanti mangji zanzxing fei) in 1950. By 1965 only 100 social organizations at the national level and 6,000 plus at the local level remained (Kang 2001: 4).

The number of these groups is believed to have grown dramatically during the reform period that started in the late 1970s, but accurate figures are lacking. One internal source estimates that there were 1,600 social organizations at the national level in 1989. However, after the implementation of the Regulation on the Registration and Management of Social Organizations in 1989, the number of social organizations at the national level declined to 1,200 and to 80,000 at the local level. Since 1991 the number of social organizations can be determined by using the China Civil Affairs Statistical Yearbook. It shows 107,304 social organizations in 1991, with their number peaking at 184,821 in 1996. A new round of stringent inspections was then carried out before and after the new amended regulation was enacted in 1998, and by 2000 their number had dropped to 130,768. These figures indicate how the growth of social groups, including NGOs, is curtailed by the state’s vigorous registration procedures. Each year, thousands of social organizations are removed from the registration list: 35,236 registrations were cancelled in 1999 alone.

An analysis of the 1998 regulation shows that the Chinese government is promoting a form of social administration similar to “corporatism” (Schmitter 1974; Unger and Chan 1995; Chan 1999), 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 different sectors and to facilitate rules based on interest representation.

The 1998 regulation stipulates that only one social organization of its kind is allowed to register within the same administrative region, which has largely curbed the growth of social organizations in China, including NGOs. The regulation also stipulates a practice of “dual supervision” in which each organization must find a relevant state unit (government department or official social organization) that will be its “business supervisory unit” (yejian zhengquan danwei) and then register with the civil affairs departments at different levels. The supervisory unit is then responsible for inspecting the organization’s activities and finances, a burden that discourages government units from sponsoring any registration applications unless there are material interests or personal connections involved. Many organizations are therefore unable to register because they fail to find sponsors. This regulation helps the state steer the direction in which these groups develop (Kang 2001: 4). Academic, business, and professional groups are the main types of social organizations to have registered successfully (Table 2.1).

Ever since the Falun Gong incident, when a religious group was declared an “evil cult” after launching a sit-in outside the central government’s headquarters in 1999, the government has rigorously inspected many “associational groups,” like friendship and hobby groups. In fact, early in 1992 the government issued an internal circular that discouraged the establishment of alumni clubs. This indicates how the state encourages the development of social groups in the economy-related sector for pragmatic reasons rather than out of respect for freedom of association.
Table 2.1 Types of registered social organizations in China, 2000

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic</td>
<td>40,152</td>
<td>30.7</td>
</tr>
<tr>
<td>Business</td>
<td>36,605</td>
<td>28.0</td>
</tr>
<tr>
<td>Professional</td>
<td>34,849</td>
<td>26.6</td>
</tr>
<tr>
<td>Associational</td>
<td>16,361</td>
<td>12.5</td>
</tr>
<tr>
<td>Foundations</td>
<td>1,273</td>
<td>1.0</td>
</tr>
<tr>
<td>National*</td>
<td>1,528</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>130,768</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: China Civil Affairs Statistical Yearbook, 2001

*Note: Indicates total registered social organizations at the national level.

The practice of dual supervision also enables the supervisory units to intervene in the selection of these organizations’ leaders. In fact, most leading positions in these organizations are occupied by the leading figures from their supervisory units, while their assistants are usually officials who have transferred from these departments. White’s study showed that 77 percent of social organizations were led by party–state officials (1996: 135). Only cultural, sport, and religious organizations are able to elect their leaders by using relatively democratic methods (Wang et al. 1995: 157).

In our 1997 survey in Guangzhou, we found that the boards of directors in about 50 percent of the social organizations were completely filled by government officials (official), some 30 percent were partly filled by government officials (semi-official), while only in 20 percent of the cases were the boards filled by ordinary members (popular) (Chan and Qiu 1999b). The first and second types are usually called "GONGOs," for government-organized nongovernmental organizations (White et al. 1996: 112), while the third type is closest to the Western idea of an NGO. Using this 20 percent figure as a yardstick, we estimate that in 2000 approximately 26,000 registered social organizations in China could be considered authentic NGOs in the Western sense.

Friends of Nature (FON), established in 1994 by the historian Liang Congjie, is one such group. This NGO focuses on environmental education and habitat—wildlife conservation and has developed and published a primer of environmental readings for schoolchildren and organizes field trips and summer camps. Its conservation efforts focus primarily on the golden monkey in Yunnan (a western province), where the local people’s logging practices threaten the monkey’s habitat. FON takes this advocacy seriously by mobilizing its members to write letters and send petitions to central government officials, with additional support from the media (Knup 1997).

Another example is the Guangzhou Handicapped Youth Association, established in 1986 by a group of handicapped persons. The association receives no funding from the government, and its board of directors is elected from among its members. The association organizes student volunteers from a teacher’s college to provide home help and tutoring services to its members. It also organizes monthly mate-matching activities and runs a hotline that provides counseling services for its members.

As for the second type of registered intermediate organizations called “mass nongovernmental units,” or NPOs, government statistics show that there were 3,489 in 1998, 4,508 in 1999 and 22,654 in 2000 (China Civil Affairs Statistical Yearbook 2000–01). However, many more have yet to register with the government; one scholar estimates that in 1999 the number of NPOs could have been as high as 700,000 (Sun 2000). NPOs are also subject to dual supervision, and though few studies have been conducted on these organizations the impact of supervisory departments on their autonomy should be similar to the NGOs.

One well-known example of an NPO is the Luoshan Civic Center in Shanghai, a social service center run by the Shanghai YMCA as designated by the Social Development Bureau of the local government (Zhu 2001). Another example is the Global Village Environmental Culture Institute of Beijing (GECIB), established in 1996 by Liao Xiaoyi. Supported by Liao’s personal savings and small grants from overseas, the institute is staffed by a few workers and focuses on two main areas: producing a series of television programs, including a weekly television program, Time for Environment; and efforts to popularize reuse and recycling among Beijing households (Knup 1997; Sun 2000).

In the mid-1990s, the total number of foundations in China reportedly exceeded 300, of which 48 were national foundations (Zhang 1995b: 524); by 2000 their total had reached 1,273 (Table 2.1). Chinese foundations vary in scale, functions, and official affiliations. They can be organizations that look for funding, or they can dispense existing funds; they can rely on state funding to implement programs preset by the state, or they can provide a public service on behalf of an enterprise. The 1988 Management Method specifies that foundations should have an endowment of no less that 100,000 renminbi (RMB), or around US$12,000; they should not be led by government functionaries; national foundations shall apply to and be approved by the Bank of China and must then register at the Ministry of Civil Affairs, while provincial foundations shall be approved by the provincial governments and register at the provincial Civil Affairs departments (Zhang 1995b: 523).

Examples of the wholly government-funded foundations include the National Science Foundation and the National Social Science Fund. Among nongovernmental foundations, some, like the Beijing Philharmonic Orchestra Foundation, rely on membership fees, which are usually low; some, like the China Foundation for the Handicapped, rely on donations but also receive substantial state funding; while others, like the China Zhenhua Foundation (for the sciences), rely entirely on social donations, including international contributions. The first and probably the country’s most successful foundation is the China Youth Development Foundation, which was founded in 1981 by the Central Committee of the Chinese Youth League of the CCP. By the mid-1990s, it had already succeeded in providing tuition for 540,000 children and had built more than 200 schools for children in underdeveloped areas through Project Hope (Zhang 1995b: 524–7).
Searching for NGOs among the unregistered groups

Beside the registered groups discussed above, there are two types of NGOs that are not registered with the Civil Affairs Department. The first type is “patronized intermediate organizations,” which are groups that are sheltered by government units, state or private enterprises, official social organizations or registered intermediate organizations. The second type is “unregistered intermediate organizations,” or illegal groups.

Various factors lead to the formation of these patronized (guahao) groups. Some NGOs limit their scope of activities within certain government units or social organizations, so it is natural and legal for them to become subsidiaries of these umbrella organizations. Others may find themselves unable to meet the requirements for registering with the Civil Affairs Department, perhaps because similar registered organizations already exist in the same administrative region. Still others may deliberately seek to avoid the strict registration requirements and regular government inspections.

In some cases, these patronized groups organize activities that are way beyond the scope of their patron organizations, so that they could be deemed to be in violation of the regulations. Gao argues that over the past 20 years many "breathing exercise" (qigong) groups took this form to develop their networks. But as long as these groups serve the purposes of their patron organizations or at least do not bring trouble to them, their activities are protected under this quasi-legal status. Gao also observes that, beside enterprises, universities are one of the most common patrons for these NGOs (2001).

One 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 law school students, lawyers, and professors. By 2000, it had provided more than 6,000 legal counseling sessions to the public and represented more than 260 underprivileged women in legal actions. However, Guo Jianmei, the center’s director, reports that the center faced many difficulties when it began, especially from government pressure due to its poor understanding of NGOs, insufficient legal and policy support, and lack of local funding (2001).

Although patronized groups are immune from direct inspection by the Civil Affairs Department, they can be under even stricter scrutiny from their patron organizations. For example, a famous university has promulgated an internal regulation on the administration of student bodies that requires them to apply for university permission before any activities are held, while they must seek permission from higher-level authorities for activities involving more than one organization inside or outside the university. In this case, patronized groups enjoy even less autonomy than some registered groups (Gao 2001).

Unfortunately, no systematic study of these patronized organizations has been conducted to assess their number and types, much less their degree of autonomy. What is certain, however, is that thousands of NGOs avail themselves of this semilegal protection to successfully circumvent the state’s policy of limiting the growth of NGOs, regardless of how closely they may be monitored by their patron organizations.

Compared with the types of organizations discussed so far, the unregistered intermediate organizations, or illegal organizations, are the most “nongovernmental.” They comprise:

1. traditional groups that receive sufficient support from their communities and local governments, so they do not bother to seek legal status;
2. advocacy groups that may not fulfill the requirements for registration but enjoy enormous support from their communities;
3. loose friendship or regional organizations that refuse to become formalized;
4. underground organizations whose existence may not be tolerated by the authorities.

Unfortunately, no systematic survey has been conducted of these groups either, so it is difficult to estimate their number.

The first type of illegal group includes traditional organizations like the “flower club” (luahu) in Beijing, as well as the “incense club” (xianghu) and the “temple club” (miao) in rural areas. These indigenous religious groups were quite active even after the CCP took power in 1949 but were forced to halt their activities during the Cultural Revolution from the late 1960s to the late 1970s. Following the economic reforms, however, these groups have revived remarkably. They collect donations from residents in their communities to organize religious activities, help the needy, and improve the local school environment. Although these groups do not seek legal status, they find ways to attain legitimacy in their communities, sometimes through traditional rituals, or by displaying souvenirs sent from, and photos taken with, government officials during public ceremonies. Moreover, since local governments always invite these organizations to help make important festivals a success, their activities extend beyond their localities (Gao 2001).

The second type of illegal organization includes environmental groups like the Green Earth Volunteers (GEV), founded in 1997. GEV organizes activities that are carried out by volunteers who generally pay their own way in order to participate in various projects, such as planting trees in the Engebie Desert. They also organize weekly discussion sessions on environmental issues. Since there are similar environmental groups in China, GEV may not qualify to register with the Civil Affairs Department. But as the founders preferred their informal style of organization and were confident that their existence was supported by the community, they decided not to seek registration (Knaip 1997; Sun 2000). However, in 2003, GEV became a patronized group under the Society for Chinese Culture Study.

One of the reasons the authorities tolerate these unregistered environmental groups is that China has adopted a very progressive environment-protection law. The authorities therefore find it difficult to crack down on groups that, often through educational programs and media advocacy, promote a cause that the state itself embraces. But not all advocacy groups have the same luck. In 1998 the Chinese government cracked down on an NGO “corruption monitor” based in
Henan province after it failed to register with the Civil Affairs Department as a national NGO promoting clean government. The group was denounced by the government for having illegally organized cross-regional activities, though it was obviously suppressed because of its political sensitivity and ambition to expand beyond a confined region. The authorities also deemed the existence of the group unnecessary, as “the state had already established a sound system to monitor the problem of corruption.”

The third type of illegal group includes many friendship (e.g. alumni) and regional groups (longtang hai), especially those established by rural migrant workers staying in coastal towns and cities. Members of these groups usually come from the same province or home town. These informal organizations provide assistance (e.g. job search and accommodation) to members, to help them settle in these unfamiliar places. They sometimes even represent members in negotiations with employers during labor disputes (Man 2001). They are tolerated by the authorities, so long as they remain a loose network and do not publicly organize collective actions.

The fourth type of unregistered organization is the underground organizations the state finds intolerable. Autonomous workers’ unions are one example. In some coastal regions, like Guangdong, the authorities have cracked down on NGOs like the Male Migrant Workers’ Association and the Female Migrant Workers’ Association. An internal document shows that, by August 1994, 27 workers’ associations and/or committees had been established by workers and retired employees in state-owned enterprises in 14 provinces. With their mission of fighting for “work, survival and food,” these NGOs demanded that the authorities pay their overdue salaries and pensions. Other underground organizations include religious groups, such as underground Christian churches and Falun Gong. They are under constant surveillance and their members may from time to time be forced to receive “thought education.”

**State funding, donations, and NGO autonomy**

The above discussion shows that, while the state needs NGOs to help meet the social and economic needs that have emerged in the new era, it is worried that they might turn into an independent political force that challenges the regime. The state’s solution to this has been to institute corporatist practices, such as requiring dual supervision in registration, selecting only a limited number of representatives in each sector, and regular inspections. But while the number of registered NGOs has been curtailed, many NGOs have responded by seeking protection from patron organizations or by attaining legitimacy without any legal status. However, this legal aspect only partially structures the state–NGOs relationship. Another important dimension concerns the source of NGOs’ resources. This section discusses whether the state’s subsidies to NGOs may erode the latter’s autonomy and how NGOs have strategically responded to this issue.

One of the most difficult problems faced by the Chinese NGOs is lack of funding. In 1997, there were 1.6 million NPOs in the United States with an average annual income of $625,000. This is equivalent to 81 times the income of the largest environmental group in China, Friends of Nature (Sun 2000), and many other Chinese NGOs have far fewer resources. For instance, the Association for Handicapped Youth in Guangzhou collected only 3 RMB (less than 40 cents) in annual membership fees from each member in 1998. It relies much more on donations from enterprises to operate. This includes its premises, located on the second floor of a shabby old building, which means that its members, who are handicapped, must climb a long flight of stairs to reach the office where many of the activities are held.

Our survey of a coastal city shows that half the registered social organizations claim that their most urgent need is for more government funding (Table 2.2), and that some are willing to exchange their autonomy in order to secure these resources (only 6.8 percent indicated that having more autonomy is their most urgent need). Some NGOs deliberately invite government officials to join their boards of directors and turn themselves into semiofficial organizations just to get access to official resources in terms of direct subsidies or political connections that may facilitate their development.

For example, two private enterprise associations, one founded in Beijing, the other in Guangzhou, are both NGOs established by small businessmen. Without any political connections in the government, these associations encountered many difficulties in making visa applications, joining overseas exhibitions, and other activities. Both organizations eventually gave up their nongovernmental status and began working closely with the Bureau of Industry and Commerce (Yu and Li 2001; Chan and Qiu 1999b). Here, this “invited state intervention” can be viewed as a strategic decision by the NGOs to create space for their own development, when many public problems can only be solved with the cooperation of party–state officials.

But NGOs seeking direct state subsidies will be disappointed, because the government has been withdrawing its financial commitment, due mainly to the state’s insufficient financial capability (Wang and Hu 1994). These social organizations are instead being encouraged to become financially independent through membership fees and service charges, and by establishing economic entities. As a result, the state’s control over NGOs through financial means is weakening.

**Table 2.2 Most urgent needs of registered social organizations in Guangzhou, China**

<table>
<thead>
<tr>
<th>Needs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(N=145)</td>
<td></td>
</tr>
<tr>
<td>More autonomy</td>
<td>6.8</td>
</tr>
<tr>
<td>More legal and policy support</td>
<td>10.1</td>
</tr>
<tr>
<td>Reduce legal and policy constraints</td>
<td>1.2</td>
</tr>
<tr>
<td>More government concern and cooperation</td>
<td>16.4</td>
</tr>
<tr>
<td>More government funds</td>
<td>49.2</td>
</tr>
<tr>
<td>Other</td>
<td>16.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Our survey in a coastal city documented the sources of revenue of these registered social organizations (Table 2.3).

Some 48.1 percent of these organizations were financially independent from the state, as they had not received any funds from the government. But since some of them had received "other subsidies" from their supervisory units, such as state enterprises or official social organizations, only 38.2 percent were completely financially independent from the state. On average, state subsidies and "other subsidies" constituted 29.6 percent and 7.4 percent of their revenues respectively, a level below the global average (see Weller's introduction). In some smaller cities in southern China, most social organizations have been able to maintain financial independence from the state.\(^5\)

Nevertheless, without sufficient subsidies from the government, the financial situation of these organizations is bleak. Only a few are able to provide commercial services or establish their own economic entities. Thus, in our survey, the percentage of social organizations that collected more than half of their revenues through service charges or profits from their enterprises was only 3.5 percent and 5.9 percent respectively, while, on average, service charges and economic entities accounted for only 5.9 percent and 6.4 percent of revenues.

Social organizations find it difficult to raise funds from donations. Some argue on the one hand that the expanding middle class and growing number of private enterprises have become a significant source of donations. Youth participation in voluntary service is also impressive (Deng 2001). However, others argue that the lack of civic consciousness and the breakdown of institutional trust due to corruption during the reform era have deterred people from making donations (Sun et al. 2001). In our study, only 4.7 percent of registered social organizations could rely solely on donations—these were mainly foundations, charity groups, and religious bodies. On average, donations accounted for 13 percent of the revenues of social organizations, while members' fees accounted for 31.8 percent of revenues and was the single most important source of revenue.

The financial situation is so constrained that many of the organizations we surveyed believed their financial situation to be either "difficult" (42.7 percent) or "very difficult" (26.4 percent). As government funding has become increasingly inadequate, these organizations will have to seek funds from their communities as well as overseas, and some official and semiofficial organizations are gradually turning themselves into nongovernmental organizations to achieve this purpose. Zhang (1995a: 97; 1995b: 526) found that many government-designated social organizations and foundations, including the National Social Science Fund, were exploring ways to loosen their ties with the government in order to be able to get resources from more diverse channels. In our study, one of the leaders of a youth organization explained how its Party background had made it difficult for them to solicit donations from Hong Kong and overseas; they were therefore becoming a genuine NGO so they could be more financially independent. Thus, the lack of state funding has implicitly pushed many social organizations to rely more on community support.

| Table 2.3 Revenue sources of registered social organizations in Guangzhou, China |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Source (%)                            | Source (%)       | Source (%)       | Source (%)       | Source (%)       | Source (%)       |
| (N=71)                                | (N=149)          | (N=149)          | (N=149)          | (N=149)          | (N=149)          |
| State subsidy                         | Service charge   | Economic entities| Donation         | (Mean)           |                  |
| 46.1                                  | 85.8             | 89.7             | 98.1             | 68.1             |                  |
| Less than half*                       | More than half **|                  |                  |                  |                  |
| 58.1                                  | 10.7             | 4.4              | 1.4              | 2.1              |                  |
| More than half                        | 15.4             | 1.7              | 2.1              | 1.7              |                  |
| 86.6                                  | 100.0            | 100.0            | 100.0            | (29.0)           | (7.4)            |

* By combining original data ranging from 1% to 49%.
** By combining original data ranging from 50% to 99%.
To conclude, most Chinese NGOs are in the primary stage of development and are striving to survive. They have become “resources driven” and are willing to exchange autonomy for resources. Our study also showed a contradictory tendency: NGOs that seek political or economic resources from the government may turn themselves into semiofficial groups, while official and semiofficial groups that seek financial support from their communities or overseas may turn themselves into NGOs.

Thus, in some cases, the status of a social group could be a result of a strategic decision on how to attain resources. In light of this, some semiofficial groups should not be overlooked, simply because they do not fit the Western conception of NGOs. In fact, one study argues that many of these semiofficial groups are in fact embedded in civic culture, while many autonomous or illegal groups, especially those in rural areas, lack civic consciousness (Qin 2001).

This brings us to the question of what constitutes civil society. Gellner argues that not every set of autonomous groups creates a civil society. He illustrates his claim with reference to some traditional societies in which the individual is caged in by kinship groups. In his view, civil society depends upon the ability to escape any particular cage; membership in autonomous groups therefore needs to be both “voluntary” and “overlapping” if society is to become civil (Hall 1995; Gellner 1995). It is therefore important to also look at the cultural side, when we examine the development of NGOs with civil society in China.10

The more immediate implication of the resources-driven phenomena concerns the relationships of these social groups with the government and overseas NGOs. For instance, whether these social groups choose to enter a closer relationship with the state depends on the importance of political versus financial resources in serving their members’ needs, and the importance of the state versus the local community as well as overseas NGOs in obtaining more resources. These strategic decisions are also constrained by the nature of the social groups concerned and their locale: many foreign foundations may prefer to support certain types of NGOs located in Beijing or major coastal cities. Accordingly, the following section turns to these overseas donations and their implications for the development of NGOs in China.

Globalization and the development of NGOs
If financial resources affect the relationship between the NGOs and the state, then it is worthwhile exploring globalization in terms of the funding from developed countries’ NGOs to NGOs in China. This section discusses the sources, the amount, the usages and impacts of this overseas funding for China’s NGOs.

Sources
The Ford Foundation of the United States, Germany’s Ebert Foundation, and the Japan Foundation all have offices in Beijing. Other active foundations, such as Oxfam, the Asia Foundation, Luce, the MacArthur Foundation, the Rockefeller Foundation and Rockefeller Brothers Fund, and the Lingnan Foundation of the United States, may not have their offices in China, but do have very focused areas of interest there (Zhang 1995b).

There is no clearly defined way for foreign NGOs to register in China; thus there is a multitude of forms. By 1998, more than 30 foreign NGOs had entered China through the International Economic and Technology Exchange Center and the China Association for the Cooperation of International NGOs. These NGOs have now sponsored more than 200 projects in more than 20 provinces (Ding 1999: 56). Other NGOs, like the Ford Foundation, are registered with the Industrial and Commercial Bureau.

Amounts
While we have no reliable estimates so far on the total amount of funding received from foreign NGOs, we can use some examples to illustrate the contribution of these donations. By 1999 the Friends of Nature (FON) had received 2.52 million RMB in contributions; some 79,000 RMB were from membership fees and the rest were from donations. Of these, foreign foundations had contributed 1.32 million RMB (around $160,000), or 52 percent of the total sum. As of the same year, Global Village (GECCIB) had received a total of $590,474 from the Ford Foundation, World Wildlife Fund, and other NGOs and enterprises (Sun 2000).

In fact, no Chinese foundation has its own self-generated endowment: most of their funding comes from overseas, and Hong Kong businesspeople are one of the major sources. For instance, one-third of the donations received by the China Youth Development Foundation for Project Hope are from overseas with 90 percent from Hong Kong firms, businesspeople, and individuals. Zhang (1995b: 527) estimates that overseas donations account for 60 percent of many national foundations’ total financial resources.

Uses
Foreign donations have covered a wide range of social and economic development projects, particularly in the areas of women, environmental protection, public health, poverty, and education. For example, the establishment of the legal aid center at the Law School of Peking University was supported by the Ford Foundation, while the women’s hotline run by the Beijing Red Maple Women’s Counseling Service Center, which has counseled more than 40,000 callers since 1992 (Xingjuan Wang 2001), was supported by the Global Fund for Women and the Ford Foundation, while the training of the online counselors was supported by the UNDP and the Turner Foundation.

Foreign NGOs like Save the Children Fund, Oxfam, and World Vision International concentrate their donations in the western region of China for fighting poverty, environmental protection, community development, education, and health. They set up successful models of development, train local talent, and enhance the transmission of technology (Deng 2001). The Ford Foundation, the Asia Foundation, and the Rockefeller Foundation also support many academic
activities, such as conferences held by the Chinese Association of American Studies (CAAS). By the mid-1990s, the Ford Foundation had already contributed a total of $50,000 to CAAS in support of its academic publications (Zhang 1995a: 103–4).

**Impacts on Chinese NGOs**

The above discussion shows that foreign donations have contributed significantly to the establishment and maintenance of China's NGOs. Foreign funds have also helped train local talent; for instance, the Institute of Environment and Development and the Beijing Environment and Development Institute were founded by graduates of the Rockefeller Foundation's Leadership for Environment and Development training program (Knup 1997). Cooperation with foreign governments and NGOs has also helped restructure Chinese NGOs to become more transparent; the China Youth Development Foundation, for example, changed its internal audit system due to the criticisms received from Hong Kong newspapers and collaborators. Continuous interactions with foreign NGOs have provided Chinese foundations many opportunities to learn from their experiences, systems, and mobilization strategies (Gu and Gan 2001).

In sum, foreign NGOs, and especially foundations like the Ford Foundation, have made substantial contributions in financing the establishment and maintenance of many NGOs in China that might not have been able to receive government funding and whose contributions cover a wide range of areas including women's issues, environment, poverty, education, and public health. This funding has not only prevented some NGOs from having to turn themselves into semi-official organizations, but it has inspired some official or semi-official organizations to restructure themselves as NGOs. Foreign funding can also improve the standard of NGO management, by sponsoring training programs for local talent and by pushing China's NGOs to meet international standards in their accountability systems.

However, this foreign influence on the development of Chinese NGOs can create tensions with the state, which continues to control this sector through strict legal and administrative measures. Foreign subsidies to these NGOs are welcome, so long as they do not fundamentally disrupt these corporatist arrangements. This also depends very much on whether the Chinese government trusts these foreign foundations and on China's changing foreign relations, especially Sino-US relations. The Chinese government has witnessed the global mobilization of both Falun Gong and Tibet's independence movement and keeps a close watch on NGOs receiving foreign assistance.

But this is not exceptional when compared to other Asian countries. In this book, Chua's essay (Chapter 10) shows how foreign donations to NGOs in Singapore are so closely scrutinized by the government that many do not accept foreign funding, while Eldridge's chapter on Indonesia shows that, when NGOs become too dependent on foreign funding, they may become targets of national resentment at a time when there is a growing suspicion towards the international community.

Chinese NGOs also need to be very prudent in striving for survival and autonomy. Either they trade their autonomy to gain political or economic resources from the state or they risk becoming politically suspect by accepting foreign funding. The long-term solution to this problem is to develop a donation culture so that the NGOs can rely on local giving, in addition to state and foreign subsidies, so that they will be able to negotiate more space for developing a truly autonomous third sector.

**Conclusion**

The economic reforms and political liberalization that have taken place in China over the past two decades have not only expanded the scope of markets and private ownership, but the withdrawal of the state from direct management of enterprises, the reduction of political control and welfare packages in state enterprises, the general improvement in living standards, and the time and space allowed for private and associational lives have all created needs and opportunities for NGOs to develop. But the potential of these NGOs to evolve into a liberal civil society – an autonomous social structure against the state – also poses a threat to the post-totalitarian regime. The Chinese state has responded by imposing various legal and administrative measures, particularly some corporatist arrangements and close supervision, to scrutinize these emerging social groups.

Following the 1989 Democracy Movement and the 1999 crackdown on Falun Gong, the Chinese state has become even more cautious in granting social groups legal status. The number of social organizations as a major form of registered social groups has been dropping in recent years, and most of the applications that are approved are groups of an academic, business, and professional nature. Religious, advocacy, and even friendship groups are discouraged from developing. Our study also found that around 80 percent of these social organizations were official or semi-official in their governance structure, while 20 percent of them were truly run by their members.

But many more NGOs are able to get around state controls, either as patronized groups or without any legal status. The former seek protection from universities, state enterprises, or other established social groups; the latter include traditional kinship and religious groups, loose friendship and regional groups, advocacy groups that enjoy great community support, and underground political and religious organizations. While some of these groups may not fit the Western definition of an NGO, they have the potential to promote societal interests and to check the power of the market and the state, while the truly civil organizations are still constrained by the authoritarian regime.

The decline of the financial capacity of the Chinese state has also eroded its control over NGOs. Many registered groups complain that they are short of government funding and have gradually become resource driven. Some strategically invite government officials to join their governing boards, so as to solicit resources and support from the authorities, but many find this tactic futile. They also encounter serious difficulties in raising donations from communities that lack
trust and public-spiritedness, while the state does not provide tax deductions or other institutional support that would encourage donations.

In this connection, funding from international NGOs, particularly certain Hong Kong and Western foundations, plays a crucial role in establishing and maintaining some NGOs to promote their causes more independently from political control. Besides financial support, this global exposure also helps train local talent for NGOs, just as it helps NGOs restructure their systems and practices to become more in line with international standards.

The downside of this support from global civil society is that NGOs receiving foreign support risk suspicion from the state when China's foreign relations turn sour. In the long run, the future of NGOs in China rests on how the Chinese people understand the importance of civil society in preserving and promoting their values, rights, and interests; to solve public issues that are beyond the reach of the state and families; and to help begin the transition to democracy.

Notes

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1. The speech was given by State Councillor Chen Junsheng and is included in the “Collection of Documents on the Registration and Administration of Social Organizations” [in Chinese, unpublished].

2. 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 9-10 October 1993. A summary of the conference proceedings was collected in “Collection of Documents on the Registration and Administration of Social Organizations” [in Chinese, unpublished].

3. Guosheng Deng (2001) study found that the first batch of NGOs of this type was developed in rural areas in the early 1980s. Examples include the Beekeeping Association of Bi County, and the Sichuan and Research Society of High-Quality Hybrid Paddy Rice of Niujiang Town, Emping County, Guangdong.


6. In Chinese, gezi means “attached to” and kuei means “dependent.” “Guosheng organizations” thus refer to groups that are attached to or dependent on other umbrella organizations for protection. Since this is a type of patronage relationship, “guosheng organizations” can be translated as “patronized groups.”


10. Weller (1999: 14–15) agrees that not every voluntary organization between family and state is civil. Nevertheless, he stresses that various communal ties can be compatible with civil society and did in fact play an important role in the democratization of Taiwan.

References


