

The Current Status of NGOs in China

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Nongovernment and nonprofit Organizations (NGOs) and their equivalents have emerged as factors of significant and increasing importance in China since the beginning of economic reforms in the early 1980s. This is a new departure. Nongovernment organizations of various kinds had existed in China before 1949 based on both older Chinese ideas and the approaches of modernization, and in spite of the extremely difficult situations imposed by contending warlords, the Japanese invasion, and the rise of the Communist Party. But from the triumph of the Communist Party in 1949 until the late 1970s, China's government effectively suppressed nongovernment organizations and associations of all kinds, nonprofits as well as for-profit business firms. This paper will provide a fresh overview of the role of nongovernment organizations in China today and will consider the relationships between today's NGOs and those of the first half of the twentieth century. The Chinese have distinctive and changing ideas about what other parts of the world call "nongovernment organizations," so this paper will seek to contribute to the international understanding of Chinese concepts and practices.

The Emergence of Nongovernment Organizations in the Post-Mao Era

The upsurge of Chinese nongovernment and nonprofit organizations during the past two decades has drawn much attention from the international third-sector and is often attributed to the reform and growth of the private for-profit sector. The first group of social organizations, most of them research associations, came into view during the late 1970s, not long after the breakdown of the Gang of Four in 1976. Since then social organizations have experienced impressive growth. By the end of 1996, the total number of all kinds of nongovernmental organizations at all levels had reached 200,000, among them 1,800 national organizations. There are about seventy national grant-making foundations and over 1,000 local foundations at the provincial or municipal level. According to The Encyclopedia of Chinese Social Organizations (1995), during the ten-year Cultural Revolution (1966-1976) no social organization was established. By contrast, 87% of existing social organizations began after the Cultural Revolution. (See Chart I.) It is difficult to provide accurate data for

different types of social organizations because until now no official statistics on these have been available. Thus, the quantitative information on Chinese social organizations provided by either Chinese or English publications varies greatly.

A: Social Organizations established before the PRC and still existed after 1949.

B: Social Organizations established between 1949 and 1966.

C: Social Organizations established during the Cultural Revolution (1966-1976).

D: Social Organizations established after the reforms since the late 1970s.

Source of Data: [Encyclopedia of Chinese Social Organizations](#).

Chart II: Types of Chinese Social Organizations

Types of Organization	Chinese Names for Each Type	Sub-type	Chinese Names for Each Sub-type
scholarly or scientific organizations	<i>xueshu xing tuanti</i>	scholarly associations	<i>1. xuehui 2. Shuyuan</i>
		research institutions	<i>yanjiuyuan/ yanjiusuo</i>
professional associations	<i>zhuan ye xing tuanti</i>	professional associations	<i>xiehui</i>
		promotion associations	<i>cujinhui</i>
		educational associations	<i>jiaoyuhui</i>
		friendship associations	<i>youhao xiehui</i>

trade or industrial associations	<i>hangye xing tuanti</i>	trade associations	<i>hangye xiehui</i>
		industrial associations	<i>gongye xiehui/ qiye xiehui</i>
		chambers of commerce	<i>shanghui</i>
united organizations	<i>lianhe xing tuanti</i>	federations	<i>lianhehui</i>
		commissions	<i>weiyuanhui</i>
		alumni associations	<i>xiaoyouhui/ tongxuehui</i>
		friends' associations	<i>lianyihui</i>
grant making & managing institutions	<i>zijin guanli jigou</i>	foundations	<i>jjinhui</i>

At present, the Chinese government categorizes social organizations into five general types, based mainly on each organization's professional field or organizational functions. The five types are: scholarly or scientific organizations, professional associations, trade unions or industrial organizations, united associations, and grant making institutions. Each type is divided further into several vaguely different subtypes. (See Chart II.) The current regulatory typology reflects the state of social organizations in the 1980s. Since then, many new types of social organizations or private institutions have emerged which do not fit into this official typology. For example, neither independent advocacy organizations, non profit social service providers, nor self-development and hobby associations are included in the 1989 Regulation of Social Organizations.

The development of Chinese social organizations in the past two decades has displayed several interesting characters. First of all, as Charts III and IV show, research-oriented scholarly associations have become the largest group of organizations. In the late 1970s, after more than ten years of extremely strict control of all nongovernmental activities, almost all Chinese social organizations were at a standstill. Scholarly organizations recovered and reorganized first. Many outstanding scholars and scientists were deeply disturbed by the devastation in education, scientific research, and all kinds of cultural domains brought about by the Cultural

Revolution. Thanks to their enormous efforts, old associations reopened, new ones established. These associations have become strong promoters of education and research, the study of western science and technology in particular. The government believed that these organizations would help it to restore the authority it had lost during the Cultural Revolution, so it permitted and tacitly assisted the formation of these associations. Although these organizations have retained some of the features of government-controlled NGOs, they are growing, in different degrees, into autonomous entities.

The scholars' initiatives in organizing social organizations exhibit a well-established Chinese tradition by which scholars and students see themselves as the moral consciences of society. They have always been vital instigators of reforms and even revolutions in modern Chinese history. After the Opium War (1840), intellectuals were the first group to call for reforms, and they took the lead in organizing political action outside of the state. The earliest modern associations emerged in the Reform of 1898, organized by scholars with modern ideas to promote educational reform, economic and industrial development, women's liberation, social relief, cultural development, and rural development. Modern scholars, along with some traditionally trained scholars, became active in gentry-merchants' associations. This alliance constituted the most dynamic force in the formation of Chinese civil society during the late Qing and early Republic years from 1898 to the 1920s, a period seen by social historians as a golden time for Chinese nongovernmental organizations.

**Chart III: Founding Data of National Social Organizations
During the People's Republic Period, by Types**

	Scholarly/ scientific	Professional	Trade/ industry	Cultural§	Religious§	Foundation	United	Total
before 1950*	24	4	2	1			3	34
the 1950s	10	15	1	11	5			42
1960- 66**	15	15		2				32
after	65	4	1	3			1	74

1977								
the 1980s	228	86	89	26	3	12	8	452
1990- 94 ***	69	61	63	8		8	8	217
Total	411	185	156	51	8	20	20	851
% of the total	48.30	21.74	18.33	5.99	0.94	2.35	2.35	100

This statistic is based on The Encyclopedia of Chinese Social Organizations (1995).

* The numbers shown here are organizations established before the establishment of the PRC in 1949 and still in existence after 1950.

** All social organizations had ceased to exist during the Cultural Revolution (1966-1976).

*** With few exceptions, all organizational information was collected before the end of 1993.

§ The official typology changed after 1989. These two types of social organizations are no longer included in current official regulations.

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Source of Data: Encyclopedia of Chinese Social Organizations.

Many scholarly societies survived the Japanese invasion and the Civil War (1945-1949). Some were also tolerated by the new Communist government which needed their professional expertise. Nevertheless, during the early 1950s, these associations were all reformed into governmental-controlled organizations and eventually lost the independent role they had played before 1949. Furthermore, intellectuals suffered

greatly in political movements since then, especially during the Cultural Revolution. Even so, they remained a potent political force. The reemergence of scholarly associations in the late 1970s reflected the political conscience of Chinese intellectuals, who were among the first to act during the easing of political control in the post-Cultural-Revolution period. Without question, economic reforms provided the promise of the rebirth of Chinese nongovernment organizations, but the scholars' and students' associations in the late 1970s announced the coming of the Spring.

Most re-opened and newly organized scientific and educational associations have received governmental assistance, including free offices, conference funds, and daily expense allowances. Many groups depend on government funds entirely. Nevertheless, more and more of the new scholars' and students' organizations appearing after the late 1980s have become increasingly autonomous in both decision-making and finances. For example, before the 1989 crackdown on the students' democratic movement, student clubs, "cultural salons" (*wenhua shalung*) and publishing groups were fashionable on university campuses. These organizations provided forums for college students to express their political opinions, and they were the soil for the democratic movement in the Spring of 1989. "The Beijing Autonomous Students' Unions" are a conspicuous example. Some American scholars think these collective actions indicate the forming of a civil society. Not only did these organizations act autonomously, they also presented a striking contrast between themselves and the earlier scientific and educational associations which always claim they are apolitical.

The very appearance of such NGOs for the first time since 1949 broke a taboo on independent thinking and nongovernmental actions; in a broad way, they inspired other types of social organizations to realize the profound changes and opportunities created by economic reform. The upsurge of professional, trade, and industrial-related associations represented a new phenomenon in the development of Chinese NGOs. Martin K. Whyte points out that "Intellectuals have taken the lead in advocating and establishing autonomous associations, but entrepreneurs, craftspeople, and many other urbanites have taken advantage of the 'political space' created by these efforts to begin forming their own organizations." As Chart V shows, from the late 1980s to the early 1990s both economic related professional associations (*xiehui*) and trade and industrial unions (*hanghui*) have made impressive increases. This trend is even clearer during the early 1990s when the market economy in urban areas flourished after Deng Xiaoping's speeches in South China in early 1992. For the first time since the establishment of the People's Republic of China, the increasing number of the social organizations involved in economic activities surpassed scholarly organizations and

became the fastest growing group among all kinds of NGOs. (See Chart VI.)

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Source of Data: [Encyclopedia of Chinese Social Organizations.](#)

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Source of Data: [Encyclopedia of Chinese Social Organizations.](#)

* If we consider the fact that within the scholarly associations there are also economic-related associations, this feature becomes more striking.

There are various kinds of professional and industrial associations. Trade and craftsmen's associations are organized along specific industrial or business lines and are membership organizations. Firms and factories, usually state-owned, join as group-members (*tuanti huiyan*) and make up the majority of the members. Few trade associations existed prior to the economic reforms of the 1980s. Until then, governmental agencies under each industrial ministry took charge of all managerial matters under a state-planned economy. Rapid movement toward a market economy forced the government to adapt to a new managerial system and to trim the administrative staff. As part of this effort, the government reorganized quite a few agencies into nongovernmental trade associations. These organizations serve as "bridges" and "linking channels" (*niudai*) between the government and member firms. On the one hand, they provide guidance, counseling, and information to their members; on the other hand, they represent the opinions and interests of their members to the government and provide information that will help in policy-making. The trade associations also conduct research projects, some of them given them by the government. In terms of financial and personnel relations, they still partially depend on government organizations.

In early twenty-century China, thousands of chambers of commerce had been a vibrant economical and political force. They fought vigorously for the interests of the national bourgeoisie and contributed to the development of a municipal and locally autonomous civil system. Nevertheless, after the establishment of the PRC in 1949, chambers of commerce were forced to reorganize and became small and insignificant groups without their distinctive roles in society. They were mere political decorations for the Chinese Communist Party's party-state system. The economic reforms of the 1980s created a rare chance for these organizations to regain their influence. The National Chamber of Commerce (or the Chinese Federation of Industry and Trade) and local chambers of commerce have ever since performed a much more active role in assisting non-state enterprises, not just in their economic development, but also in helping them to serve the public interests. Presently, while still government-controlled social organizations, the chambers of commerce emphasize their nongovernmental nature. In many ways they are gradually becoming representatives of private entrepreneurs. Politically, the chambers of commerce claim that they now "are participating in government policy-making, and commenting on government policies" (*canzheng, yizheng*).

At the same time, new private economic institutions, either research- or service-oriented, are booming. Incorporated in response to people's own initiatives, these entities aim to meet various needs brought about by the profound economic and social changes. Many of them have managed to stay financially independent, and almost all of them are able to conduct their programs and activities rather freely. The sources of their incomes vary, from charging service fees and collecting membership fees to receiving domestic as well as international donations and grants. For example, one of the most famous private research institutions, Beijing Unirule Institute of Economics (*Beijing Tianze Jingji Yanjiusuo*), has attracted some of the most outstanding Chinese economists as members. Since its founding, this institution has successfully maintained its organizational autonomy, conducting influential research projects and obtaining steady income from its counseling services.

Not all new organizations are nongovernmental. The China Consumers' Association (CCA) and the China Individual Workers' Association (CIWA), were founded by the government and have stayed closely tied to it. The CCA, for example, was established by the National Bureau of Industry and Trade, the National Bureau of Production Standards, and the National Bureau of Commodity Inspection in 1985 as a social organization and has registered with the Ministry of Civil Affairs. Nevertheless, some of their duties, such as enforcing the Consumer Law, are governmental. Their staff members are on the government payroll and entitled to all privileges allotted government employees, and their leaders are approved by the government. However, one should not equate these organizations with governmental agencies, because to a great degree they serve the interests of their members or clients. As the market economy steadily expands, these organizations have acted increasingly like interest groups.

As I will elaborate later, these organizations have assumed more and more directive or service functions previously performed by government agencies. The rapid growth of this type of NGO reveals the direct interaction between economic reform and the expansion of NGOs in economic fields, and indicates a new direction for the nongovernmental managerial mechanisms in the market economy. At present, these associations still play a rather limited role, and from time to time they are crippled by an administrative system not yet been able to catch up with the economic changes. However, both the government and state or private enterprises expect these social organizations to play more effective roles in a fast-growing market economy.

Another impressive change in Chinese nongovernmental behavior has taken place simultaneously. After the inception of economic reforms, organizations for people's

personal interests in sports, cultural subjects, and other hobbies have reemerged, growing faster than social relief or religious institutes, despite the fact that the governmental regulatory typology does not recognize these organizations. Some researchers believe that over two hundred thousand such organizations exist. During the 1950s and 1960s, with few exceptions, only sports associations were active, established and controlled by the government. For example, each major sport had a national association along with local affiliations functioning as administrative agencies to organize domestic and international sports events. Staff members of these associations were governmental employees and their leaders were officials, some of them high-ranking. No private organizations of this type were allowed.

This situation has changed rapidly since the 1980s, and now people feel free to enjoy and extend personal hobbies of all sorts and to spend leisure time associatively. Some organizations of this type, mostly at the national level, are well established, but the majority are small and informal local groups. Many of these do not even register with government regulatory agencies. Self-development organizations have enriched people's cultural and spiritual life greatly and balanced the sort comings of the state-controlled culture and entertainment. For example, in the Capital Steel Company, over thirty "fun" clubs of all kinds popped up in 1986; by 1990, just in Shanghai, more than thirty collectors' associations had been organized; in the mid-sized city of Wenzhou, about four hundred leisure groups are now actively engaged in all kinds of social and cultural activities. In a way, the flourishing of this type of organization marks the revival of the pre-communist-era lifestyle, only this time it has become much more varied and prevalent.

An important reason for this development is that after the Cultural Revolution the government's control over people's after-work time loosened up. For almost three decades, from 1950s through the 1970s, after-work time had been reduced to a minimum, sufficient only for the basic necessity of physical recovery. The government used either administrative power or ideological pressure to suppress leisure time. But since the reforms of the 1980s, however, the once common forms of government interference, such as "voluntary" and unpaid overtime work, mandatory political studies, and other kinds of political activities, have become unpopular. The legitimacy of private time has been recovered. People now have more leisure time than ever, and they can spend this time quite freely. Currently, urban residents enjoy two-day weekends, and their housework has been reduced substantially by changes in lifestyle. They eat out more often, and families commonly own appliances such as refrigerators, gas stoves, and washing machines. Many families also have vacuums, food processors, and other labor-saving devices. In addition, more families now hire

housekeepers either full or part-time, as a result of rural migration to the big cities and the rise of urban household income. Since the late 1980s, the average income of ordinary urban families has increased five to ten fold. Even with serious inflation in the cost at living, many people find their lives much less burdensome. The steady rise in family income has stimulated people's eagerness to improve the quality of their lives, and this has given impetus to the growth of self-development and hobby organizations.

China's economic reforms during the past two decades have created not only considerable economic, social, and cultural needs and opportunities for nongovernmental actions, but also the necessary environment for the very existence of a private and not-for-profit sector. Economic reforms have reduced both government control over the private sector and the central government's power over local authority. In other words, the central government has had to recognize the limits of its power and allow the nongovernment sector to expand. In short, the proliferation of NGOs in China is the direct result of the post-Mao reforms. Many features of this development reflect both China's deep-rooted cultural traditions and recent political circumstances. The next section of this paper will discuss the government's perspective on the NGOs and how the Chinese NGOs have assumed increasingly important roles that governmental organizations cannot supplant.

"Small Government, Big Society": A Future for the Nongovernmental Sector in China?

Broadly speaking, the Chinese government has encouraged and even sponsored the rapid increase in the number and activities of China's NGOs. Recognizing that the organizations of the Chinese state itself are often inefficient and insufficient to meet the social needs of the people, officials and entire units of government have allowed or prompted business firms and NGOs to appear as a way to address widely felt needs. Yet the government has not fully relinquished its control over the NGOs and still provides many of them with important resources.

Susan H. Whiting argues that a pluralist or civil society approach is not an adequate framework for understanding the role of Chinese NGOs; she prefers a corporatist framework in that it highlights the mechanisms which the state can use to limit and control the political impact of NGOs. Gordon White among others points out two

important aspects of state behavior in relation to NGOs: repression and incorporation. The Chinese government has expressed itself clearly its desire to control Chinese social organizations and if necessary to use its power to repress those organizations that it sees as dangerous. In a conspicuous example, during the Spring of 1989 the government outlawed all student, worker, and civilian autonomous organizations. Nevertheless, since the reforms of the 1980s the government's policy towards social organizations indicates that its dominant policy is to incorporate with nongovernmental organizations. This approach in fact is in accordance with the government's long-term effort to undertake a comprehensive reform of the state system (*tizhi gaige*).

Ever since the early 1990s, or even earlier, the government has been advocating a "small government, big society (*xiao zhengfu, da shehui*)" strategy which aims to shift some governmental responsibilities to the private sector, to separate the administration and management of enterprises (*zhengqi fenjia*), and to reduce the government's size. The core of this theory is to extend the still limited third-or medial sector that is usually extremely important and active in a modern state. Thus, one can understand the crucial role of the development of social organizations in fulfilling this strategy. The government's perspective on the future of Chinese NGOs includes three major aspects: (1) let social organizations eventually become independent, especially in funding; (2) reorganize some administrative agencies into non-governmental associations; (3) return some economic, social and cultural functions that were held previously by the government to social organizations. All three aspects envision a smaller government and an extended nongovernmental sector. The idea of a "small government, big society" reflects the government's realization of the inevitable adjustment of the administrative system to the profoundly changed economy.

Under this broad context, it is not difficult to understand the Chinese government's policy of letting social organizations become independent. At present, NGOs relations to the government define three types of social organizations: government controlled, quasi-governmental or quasi-independent, and independent. All social organizations established before the Cultural Revolution and some new ones are government-controlled. They enjoy full funding and the privileges of governmental employment; in exchange, they have to obtain approval of their programs from the government. Because the government's revenue has been increasingly tightened since the reforms, these organizations have become a significant financial burden. Except for a handful of important political social organizations such as the All-China Federation of Trade Unions, the Communist Youth League, and All-China Federation of Women, the government is actually encouraging social organizations to seek independence in their

finance, personnel, and activities. The government no longer provides funds to new social organizations, and it has not increased support to those that depend on the government even though the real value of these funds has declined considerably since the early 1980s because of serious inflation. Meanwhile, the civil service system, implemented since the early 1990s, has removed social organizations' staff members from the category of government employees. Although this change has not yet affected these people's benefits, theoretically this system has drawn a line between social organizations and governmental organizations.

Some government leaders have realized that the state cannot and should not embrace all managerial functions. Beginning in the early 1990s, the government has tried to separate administrative functions from the management of enterprises, with the goal of letting business achieve self-manage. In 1993, when the All-China Federation of Textile Industries (*fangzhi zonghui*) and the All-China Federation of Light Industries (*qinggung zonghui*) replaced the Ministry of Textile Industry and the Ministry of Light Industry, all managerial divisions under these two ministries became trade associations (*hangye xiehui*) and registered with the Ministry of Civil Affairs as social organizations. The government is convinced that (1) trade associations will assist their member enterprises more efficiently than would government agencies, that (2) enterprises will gain more authority and autonomy because of the reduction in administration, and that (3) this reform will cut government's size. This is an experiment that clearly revealed the government's intention to extend the third sector; thus it is hard to exaggerate its significance.

When the Ministry of Textile Industry became the Federation of Textile Industries, the total number of staff fell by three-fifths, and twelve trade associations replaced respective governmental agencies. The relations between the Federation and its associations, and between associations and enterprises became more a matter of guidance than command. It is no doubt an impressive step towards "small government, big society," but it is too early to see its result. The most recent state-system reforms undertaken immediately after Zhu Rongji became the new premier of the State Council in February, 1998 put an end to the experiment. Both the Federation of Textile Industries and the Federation of Light Industries have regained their previous ministries status. Although the reasoning behind this change has not been openly discussed, it is too early to conclude that the government views this experiment as a failure. On the contrary, a much broader and bolder reform of the administrative system is on the way, and the new government has determined to cut the administration severely. If this reversal of a previous change is taken as a sign of a failure, it shows that when the administrative system and managerial mechanisms as a

whole have not yet adapted to a market economy, minor or partial changes cannot turn the situation around.

The profound changes in the government's policy towards social organizations has created a favorable environment for the growth of Chinese NGOs. Nevertheless, the impressive emergence of non-governmental actions since the 1980s is not primarily a product of official top-down reforms. The people's initiative has been much more crucial. The growth of bottom-up grass-roots social organizations are pushing the formation of a nongovernmental sector, or to use the popular Chinese term, a "big society." The past two decades have witnessed an incredible release of people's energy and the blossoming of the creativity in nongovernmental actions of all sorts, whether for the public good and for self/ group interests. Not long ago, almost all Chinese considered public matters as entirely the government's responsibility. Such a mentality is changing rapidly, even many of them may still think so today. For the first time in modern China, economic reforms have created numerous opportunities for individual Chinese. Business success and achievement in their career have elevated individuals' self-esteem and self-confidence; at the same time, disenchantment with governmental inefficiency and corruption has further convinced them to believe in themselves. Generally speaking, the founders of social organizations are usually highly motivated people. They believe that they can and should make a difference; that is why people leave stable jobs to work for NGOs.

The mushrooming growth of diverse social organizations have had profound effects on China's political, economic, and social landscapes. Many international observers of NGOs emphasize that few Chinese NGOs are autonomous. Nevertheless, I would argue that Chinese NGOs have their own particular features which have been shaped under China's political and cultural circumstances and history. Their relations with the government are a consequence not only of current official policies but also of the NGOs' understanding of their roles. In other words, most Chinese NGO leaders do not see their mission as confronting the government or to protecting society from the state's intrusion, like Western theories of "civil society" or "public sphere" claim. On the contrary, they see nongovernmental behavior as taking a citizen's responsibility in collaboration with the government. For a long time, these organizations will continue to have close relations with the government. This does not deny, however, the fact that Chinese social organizations have played a role different from that of governmental agencies, as I will discuss from three aspects.

In the domain of economics, while the government has so far failed to provide sufficient mechanisms not only for private enterprises but also for state-owned firms

to adjust to a market economy, professional or trade associations and independent institutions have played at least three major functions: (1) provide much needed managerial or technical services to member enterprises, including market and technology information, organizing training workshops, conferences and fairs to exhibit ideas as well as information; (2) conduct independent economic research or consulting projects for the government, state enterprises, and private companies; (3) represent and advocate respective group interests, and to mediate between the government and member enterprises.

During the first three decades of the Chinese Communist Party's regime, social organizations were rarely involved in economic decision-making, due to the state ownership of almost all production facilities and the nature of the planned economy. Since the reform of the 1980s, the proportion of the market economy in China's overall economy has increased rapidly, with private enterprises becoming the most energetic and fastest growing sector. The existing managerial system based on the state planned economy no longer was able to provide adequate guidance and services to the private for-profit sector and state firms as well. The current situation demands not only more efficient and effective management, but also different managerial mechanisms. The new trade or industry associations have arisen to meet the gap.

China Grouping Companies Promotion Association (CGCPA *Zhongguo jituan gongsi cujinhui*) exemplifies the trade associations' roles. Formally founded in 1994, CGCPA aims to help large state owned enterprises that are the majority of its members, to adapt to a market economy and to eventually reform their managerial mechanisms. CGCPA describes itself as a bridge between the government and the enterprises. With six full-time staff, CGCPA publish two kinds of newsletters monthly to its members, one contains information of official policies and actions, and another is about the development and concerns of enterprises. It also provides to its member enterprises training, consulting, coordinating and investigating projects. One of the major achievement of this association is to conduct research projects concerning about important government policies toward its members' interests.

In 1995, for example, the CGCPA organized a special policy study on the grouping companies which serve as entrusted entities to manage state properties. This topic directly relates to the interests of CGCPA members, but no individual company has the courage to challenge governmental policy. After the reforms, state-owned properties no longer fall directly under government agencies' control. The state has entrusted property rights to intermediary economic entities. Under China's current circumstances, however, enterprises have reason to worry government interference or

even the co-optation at the property rights. This issue touched on sensitive yet important theoretical and political matters, but no research had been done. The CGCPA channeled the anxiety of its members to organize eight experts to study this issue. Their report not only analyzed existing practices and problems, but also suggested solutions to the government. After a hearing attend by both its members and relevant government agencies, CGCPA submitted the report to the State Council. Zhu Rongji, then a vice premier, accepted some of the suggestions. The significance of this case is that a social organization stood up to protect its members' interests, and because of its intermediary position it successfully represented its members' opinions and effectively influenced government policy. Neither individual enterprises nor government agencies could play this role. The CGCPA earned its reputation, and now ninety five major industrial companies have become members.

Beijing Unirule Institution of Economics (*Beijing Tianze Jingji Yanjiusuo*) is one of the private research institutions to appear after the reforms. Previously, policy research was the exclusive domain of government-controlled research institutions; the State Statistical Bureau and industrial ministries were the sole sources of detailed statistics on China's nascent market economy. In 1993, five well-known scholars in the Chinese Academy of Social Sciences, with \$ 61,000 from a private company, started *Tianze*. *Tianze* declares that its primary mission is to promote high quality research in economic and other humanities disciplines, and to practically apply the results of its research. One large-scale research project is "Case Studies in China's Institutional Change," which includes over a hundred research topics, and aims to be completed within a six-year period. By 1995, the first group of ten case studies were completed and won praise from Chinese as well as international economists. *Tianze* now has over fifty researchers on contract throughout China working for clients such as Chinese government agencies, the Asian Development Bank, the Ford Foundation, and Washington's Institute for International Economics. State-owned and private companies nationwide, including some well-known Hong Kong companies, come to *Tianze* for advice. Scholars in *Tianze* enjoy having opportunities to apply their economic theories in their consulting project. *Tianze's* bi-weekly symposia attract scholars, government officials, and entrepreneurs, and have become a forum for discussing of the hottest economic issues bearing on current reforms.

Not long after *Tianze's* establishment, Business China introduced it as: "A new breed of independent economic research institute staffed by researchers who include former government economists and overseas-trained PhDs... This small group of independent think-tanks is forcing a greater exchange of ideas between China's government and its

academic community." *Tianze's* vitality and its success stem from its nongovernmental nature. Unlike government-controlled research institutions, *Tianze* can carry out research projects without the government's approval or interference. Furthermore, Because of its financial autonomy, it can afford research projects which its counterparts in official institutions, with their petty research funds, cannot. In *Tianze's* opening meeting, Fan Gang, a well-known economist, pointed out that economics had no independent dignity in the past; it followed the government's will. He declares that "from now on, economics must face society. The nature of economics and its research mechanisms are changing, we economists must find new ways in financial resource and institutional structure." Mao Yushi, the director of *Tianze*, says "In the past we got almost nothing for our service. Now if the government wants our advice, it has to pay for it."

Public interest and social issues have engaged a growing number of Chinese NGOs. Foundations, private educational and research institutions, advocacy organizations, and private social service providers have reemerged since their disappearance in the 1950s. They are involved in a wide range of social issues, including the environmental, education, public health, poverty, women's rights, and social or disaster relief. Self-organized and self-governing organizations are rapidly growing and becoming increasingly important, particularly at the local level. A few national NGOs have conducted operations on a large scale and have had significant effect on certain social issues. Grass-roots organizations, big or small, have initiated new programs, new fund-raising strategies, and new organizational structures. Together, they have gradually established themselves in an environment where nongovernmental actions are still not strong.

The re-emergence of so many social organizations is an inevitable result of the inefficiency and insufficiency of the existing governmental social security system. Profound institutional and social structural changes since the reforms have shaken the existing government-controlled social security system. While the market economy expands as no-state-owned or private enterprises become the primary economic force, the old social security system has lost its foundation. In rural areas, the key link in the social security system, namely the villages and local governments, can no longer provide even minimum social support without the help of other resources or institutions. In urban areas, increasingly severe unemployment and the huge migration of rural population have put enormous pressure on the government. At present, not only does the state social security not cover self-employed people, but even those who work in state-owned institutions that are not profitable are losing previously enjoyed benefits, such as health insurance and pension plans. Enormous social problems, many

of them new, are facing a government that does not have the means to deliver solutions.

Social organizations attempt to fill the gap. The government encourages them to shoulder many responsibilities. Since the late 1980s, the government has organized or helped to establish about 70 national foundations by appropriating an endowment or start-up fund, with a hope that nongovernmental organizations would generate funds from Chinese society and the international nongovernmental community. Because the nongovernmental sector is just starting to break away from the state, many social organizations still depend on the government for many things, which blurs the line between the government and nongovernment. In these circumstances, the significance of the bottom-up initiative is profound and far-reaching. Organizations such as the Friends of Nature, China AIS network, and Women's Hot Line are all grass-roots organizations founded by people who would like to use this type of institution to address special social needs. Such groups are often faster and more effective than the governmental agencies in perceiving needs and taking appropriate action. Friends of Nature, for example, is one of the very few real educational environmental NGOs. Organized by Liang Congjie, a professor and a social activist, all its 300 members work voluntarily. With its limited budget, Friends of Nature has organized many meaningful educational programs not yet conducted by the government. More important, the very nongovernmental nature and the members' devotion have magnified the effectiveness of this small-scale organization.

The China Youth Development Foundation (CYDF) is a convincing example of how programs and mechanisms created and managed by people are distinguished from governmental ones. Aimed to develop the well-being of Chinese youth, CYDF only had 100,000 RMB (Chinese currency) to begin its work. Xu Yongguang, the organizer of the CYDF, and his colleagues decided to launch a very difficult but worthwhile project: to help thousands of children from poor families in impoverished areas to return to school. CYDF named its first project HOPE. Without any office facilities, CYDF wrote the first 100,000 fund-raising letters by hand. CYDF's advertisement for the Hope Project became China's first public-interest ad, and its news conferences and newspaper and TV special reports have effectively delivered Hope's message: give children hopes for they are the hope of China. CYDF successfully channeled different social needs in this project: poor children's need for school, wealthy people's need for benevolence, ordinary people's need for helping others, criminals' need for a second chance, and private enterprises' need for their public image. Furthermore, CYDF has created new fund-raising mechanisms such as "the one plus one program," whereby one person or one family or one institution helps

one child. Hope has mobilized amazingly Chinese and foreign support: by October 1996 the project had received over 700,000,000 RMB (about \$ 90,000,000), helped 1,300,000 children to return to school, and established or aided 2,700 "hope" elementary schools.

CYDF's extraordinary achievement in its Hope Project gives us many keys to understanding Chinese NGOs today. The most valuable lesson of Hope is that this entire nongovernmental operation has been decided, designed, and organized by CYDF's people themselves. Intelligent and energetic leadership along with effective and efficient mechanisms are its strength. No CYDF employees are on the governmental payroll, and after CYDF's establishment, the government has not given it a single penny. As a nongovernmental organization, CYDF attracts highly motivated people determined to make their programs successful. In fact, CYDF's nongovernmental nature has many advantages. For example, people who would be disinclined to donate money to a government agency have generously supported the Hope Project. Compared with governmental agencies, CYDF is more free in its programs, organizational structure, and personnel. Without the Byzantine bureaucratic procedures and politics which often accompany governmental organizations, nongovernmental organizations are more streamlined and productive. Xu Yongguang uses an interesting mathematical formula to explain this phenomenon. In a government agency, the amount of money which really goes to a project is always less than the amount appropriated for it, thus $\$1 < \1 . In contrast with this, CYDF spends 100% of the donation on its project; moreover, the project fosters enormous social effectiveness in the recipients, so the beneficial effect is greater: $\$1 > \1 . Not only do recipients use their money much more carefully than they would the government funds, but donors also care deeply about the project. Many private enterprises have built businesses in areas near Hope elementary schools to which they donated.

Compared to their economic and social roles in the reform era, the political functions of social organizations are more complicated. Until recently, nongovernmental behavior remained a sensitive political issue in China. NGOs of all kinds emphasize their apolitical nature. "Do not criticize the government policy" is a guiding principle. Nevertheless, as they play increasingly important roles in China's economic and social life, the NGOs must face the political consequences of their existence. It can be said that they make four contributions to the development of a nongovernmental sector in China today: (1) They facilitate the right of association in a political culture where such a right had not been practiced for over thirty years after 1949; (2) They increase people's consciousness of citizenship and encourage people to participate in civic affairs; (3) they nourish leadership and provide opportunities for democratic self-government; and (4) they promote confidence, on the part of officials as well as in the

minds of citizens, in individual abilities and rights.

The most important matter in this issue is that Chinese people today recognize their right of association, even if the practice of this right is not unconditional. There are several layers to this understanding. People have realized that they have the right to either develop their own interests or to address social issues by associative actions. Their experiences after the reforms have helped them to conceive their personal strength, which convinced them to depend on their own efforts rather than relying on the government all the time. Furthermore, many people connect the concept of "citizen's rights" with "the citizen's responsibility". This is a major reason why many people participate in nongovernmental actions; to them, citizens are accountable for the public interest. The appearance of students' and workers' autonomous organizations during the late 1980s reflected people's growing awareness of both their rights and their responsibilities. The government's limitations became so obvious as social needs exploded that people felt the urgency to take action. The rapid expansion of private charitable work of all sorts and the passionate donations from all kinds of people in recent years are without precedent in modern Chinese history. People are proud to work with social organizations; and social organizations, even those still close to the government, would like to emphasize their nongovernmental nature.

Of course there are other aspects of this issue. First of all, the growth of active citizenship is rather unbalanced, as a consequence of unbalanced economic and social development. Geographically, people in coastal and urban areas are much more active in nongovernmental associations than are people in remote and underdeveloped areas. Also, people with higher education are more interested in public matters. Needless to say, any worker, peasant, or student autonomous organizations are still seriously restricted. In general, only a small proportion of the population are involved in nongovernmental and nonprofit organizations of any sort. Secondly, the Chinese concept of social organization is based on their understanding of relations between the state and society. For them, the state and society are two sides of an integrated entity that is harmonizing and mutually dependent. This differs from some of the most fundamental theories of the modern Western democratic system. More and more Chinese social organizations have realized the importance of their organizational autonomy. But for them, this autonomy does not mean to confront or conflict with the government but to perform their roles more efficiently and effectively. Chinese social organizations continue to see their roles as to complement and assist the government, even though their actions have created results that are far more important than they have claimed. In other words, it will take a rather long time for Chinese NGO people to consider themselves as forming a civil society in China, if they ever will. Thus,

whether the development of social organizations in China should be seen as a sign of a civil society is still a debatable issue.

The significance of the development of social organizations in recent decades lies not only on what they have achieved on the surface, but also in the profound changes in institutional structure and leadership. Because most social organizations are rather new, they have adopted organizational structures indicating a democratic self-governance. The most commonly adopted ones are, first, the member-representative assembly (*huiyuan daibiao dahui*), the highest authority within an organization. It meets regularly and its duties usually are to approve the organization's constitution, to decide the most important principles and duties, to examine and approve work and financial report, and to recommend and elect the board of directors. Secondly, the board of directors (*lishi hui*), the executive body, in some small organizations is the highest authority. All formally established NGOs are organized similarly, no matter what degree of autonomy they enjoy. For example, in government-controlled social organizations, candidates for the board of directors have to be pre-approved by the governmental supervising agencies. This is not the case in independent organizations, however; most of them are too small to have a representative assembly. In either situation, these institutional changes help people to understand democratic principles and procedures. More important, unlike in governmental organizations where orders come down from above, social organizations, especially independent ones, decide themselves what to do and how to do it. Self-governance not only stimulates people's creativity, it makes people more responsible for their work.

At present, the Chinese nongovernmental sector is going through a transitional period; so is their leadership. Due to the existing political system, many social organizations, government-controlled ones in particular, are still headed by retired high governmental officials. At the same time, fresh blood is flowing into social organizations. NGO people, old and young, have come from educational and working backgrounds different from those of governmental officials. They founded or joined NGOs to fulfill their dreams and aspirations. Many new NGO leaders have shown outstanding leadership qualities, including a knowledge of Chinese as well as international nongovernmental behavior, devotion to the cause, and an incredible ability to devise new programs and mechanisms to deliver their missions. This new form of institution offers people wonderful opportunities to experience the self-governance that had disappeared in China for more than thirty years. They have to learn how to adopt the organizations to an increasingly market-driven society. They have to design strategies and goals for their own institutions and find new mechanisms to achieve their goals. The growth of this new generation of leadership

has brought fresh perspectives and energy into social organizations. On top of this, these changes in institutional structure and leadership in NGOs have and will continue to affect a much broader spectrum of political and institutional reform in China.

In short, the interaction of economic reforms and social change in the past two decades in China has created a huge gap between the state and society. For the first time in the Chinese Communist era, the government recognizes the need for nongovernmental actions. Even though it swiftly repressed those social organizations perceived to be dangerous to its rule, the government is determined to improve the legal and economic environment for the NGOs. The government's impetus has provided an indispensable political condition for the rapid emergence of social organizations, while the rise of people's civic consciousness has played an equally important role. People's participation in public matters and the upsurge of social organizations are crucial in the transition of a one-party state system to a "small government, big society." Social organizations have taken over many economic and social functions previously performed by the government. But they are not simply substitutes for failed governmental roles. Nongovernmental actions are managerial mechanism entirely different from governmental administration. They represent multi-interests created by the market economy, and they provide multiple solutions and services to social problems. In the past twenty years, social organizations have assisted "the retreat of the state" and the expansion of the public sphere, and they are growing into an independent and integrated nongovernmental sector that will have a distinctive position in China's political, economic and social development.