

## **Classification, Regulation, and Managerial Structure: A Preliminary Enquiry on NGO Governance in China**

(Qiusha Ma, Oberlin College, U. S. July, 2002)

The transformation of government and society within China since the late 1970s has opened the way for many organizations to operate to some extent outside the tightly controlled "party-state" structure that regulated so much of Chinese life under Mao Zedong. By the end of 2000, over 130,000 organizations were registered as nongovernmental social organizations (SOs) nationwide, and there were many more un-registered ones at the urban community and village levels.<sup>1</sup> In addition, China has rapidly increasing numbers of private nonprofit institutions not categorized as social organizations. In a 1998 official document, these entities are now given a new title: "nongovernmental and non-commercial enterprises" (NGNCEs), and by the end of 2000, about 20,000 NGNCEs were registered with this legal status, among an estimated total of 700,000.<sup>2</sup> After thirty years of official propaganda against individualism and personal interests, the upsurge in numbers and types of NGOs signals profound changes in state-society relations, in people's participation in civil activities and in China's social life in general.

As one of the most important social and political events after the economic reforms of the 1980s, NGO development has attracted much attention from scholars of modern China and of international NGOs. A significant recent literature tries to understand the origins and types of Chinese NGOs, as well as government-organization relations, by reasoning from particular Western political theories.<sup>3</sup> The information and insight provided in these studies forms the foundation for any further analysis. Many fundamental aspects of Chinese NGOs remain unclear or unexamined, however. Because China is a party-state, the official policy toward NGOs is the most crucial factor in governance of NGOs in China, yet it is not well understood. Nor is the

landscape of Chinese NGOs and their internal structure and operation well understood. “What are Chinese NGOs and what is their legal status?” “How does the Chinese government classify, regulate and supervise nongovernmental organizations?” “How are NGOs managed and what are the decision-making processes they follow?” These questions touch important aspects of NGO governance in China: the government’s control over these organizations and NGOs’ self-management, and it is this article’s intention to answer these questions in depth.

To explore this subject, the article is divided into three sections. The first part maps the landscape of Chinese NGOs and clarifies the complicated and often confusing official classifications of these organizations.. These terms and their implications help us understand the scope of Chinese NGOs and their relations with the state. The second section deals with the official NGO regulatory system, and it compares the changes of the most recent policy with the previous ones. The last section discusses NGOs internal structures and leadership, and how they affect NGOs’ operation and development.

The article argues that Chinese official definition and regulation of NGOs and those organizations’ self-operating mechanisms reveal a contradictory yet promising picture. The governance of NGOs is no longer under the state’s total control; some fundamental changes have taken place. Yet the state continues to be the most decisive influence on NGOs’ development in China. The current governing system and practice outside and within Chinese NGOs are shaped by both the current Chinese political system and by Chinese history.

### **Official Classifications of NGOs and their Political Implications**

The term “NGO” is widely used to refer to various types of organizations outside of state systems, including advocacy organizations, nonprofit service-providing institutions, religious groups and social welfare organizations. Lester Salamon and Helmut K. Anheier, two leading

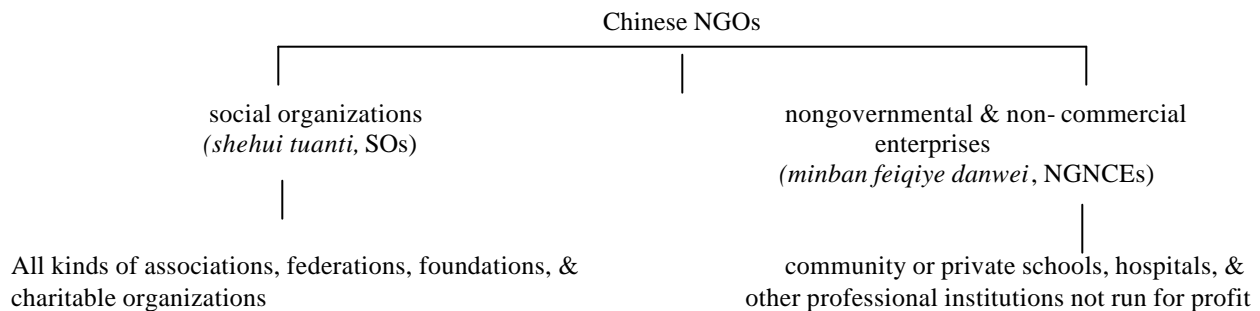
authorities on international NGOs, list the key features of NGOs as follows: they are formal, private, non-profit-distributing, self-governing, and voluntary (1993, 134). This set of characteristics includes the most important and generally recognized features that distinguish the private nonprofit sector from the governmental and the for-profit private sectors. Within different cultures and political systems, the meaning of the term *NGO* varies. In Western Europe, for example, an “NGO” often refers to a nonprofit advocacy or service organization that is active internationally. In East European countries and republics of the former Soviet Union, “NGO” tends to designate all charitable and nonprofit organizations (Fisher, 1998, 5).

What are the nongovernment and nonprofit organizations in China today, and how does the Chinese government define them? This question is the very first step towards our understanding of Chinese NGOs, and two major aspects need to be clarified. First, many western as well as Chinese studies of nongovernmental organizations in China have taken the term "social organization" to be equivalent to the western term "NGO" or "NPO" without recognizing that Chinese “social organizations” constitute only part of the full range of the country’s NGOs. This is largely because until most recently the Chinese government itself used “social organization” as a unified term for organizations that are NGOs in the Western sense and refused giving legal status as NGOs to a vast number of private not for profit service providers such as non-state-run schools, hospitals or other professional institutions. In a recent study of Chinese NGO law, the authors still state: “NGOs are usually defined as ‘social organizations’” (Xin and Zhang, 1999, 91).

Not until 1998, were a great proportion of private nonprofit organizations in China excluded from the official classification of non-governmentally run organizations. The latest Chinese government regulatory documents, issued in 1998, provide by far the most

comprehensive system in PRC history, covering a highly diverse nongovernmental sector; they are the key documents establishing the Chinese definition of NGOs.<sup>4</sup> According to the new classifications, NGOs include two general categories: social organizations (SOs, *shehui tuanti*, or *shetuan*), and nongovernmental and noncommercial enterprises (NGNCEs, *minban feiqiye danwei*.) (See Chart I.)<sup>5</sup> Under these two general categories, Chinese NGOs are officially divided into different types according to either their organizational forms or professional missions. The SOs are academic associations, professional associations, federations and foundations, while the NGNCEs are divided into ten general types: education, health care, cultural, science/ technology, sports, social welfare, intermediary services, employment service, legal service and others.<sup>6</sup> The proportions of each category are shown in the Chart II and III.

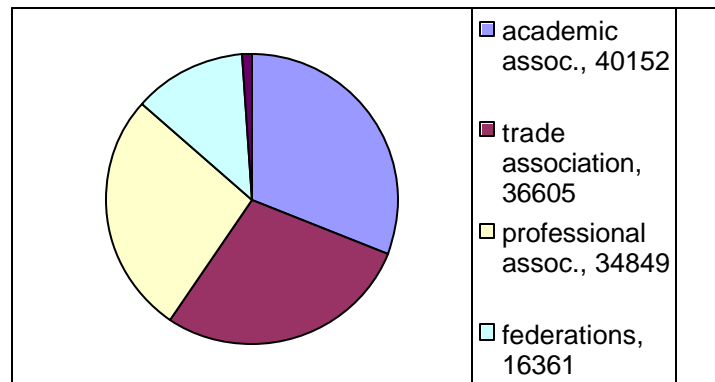
**Chart I: Chinese NGOs in Two Categories**



Secondly, the Chinese Communist Party’s (CCP) past and present policies towards nongovernmental activities have created an extremely complicated and diverse body of NGOs, many of them without clear legal status or consistent defining criteria, with varying relationships to China’s government and the Party. During different times, many terms have been adopted to define various types of NGOs. At present, at least five terms are simultaneously in use for organizations that fall within the social organization category (Chart IV).<sup>7</sup> The government uses them distinctly and, at times, assigns certain organizations to more than one classification. It has never issued an official explanation of all the terms, nor a complete set of regulations applied to

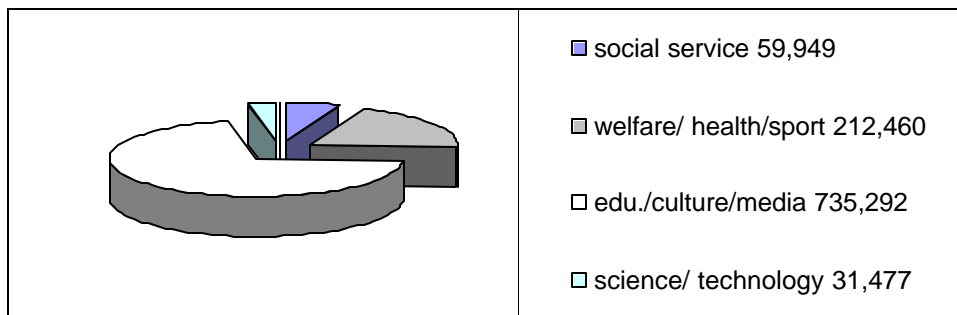
different classes of organizations. Nevertheless, the historical origins of the variously classified organizations and the political vocabulary used by the Chinese government and the CCP suggest the implications behind the five terms.

**Chart II: Chinese Social Organizations by Types, 2000**



The chart is based on the statistics in: *Chinese Civil Statistics Yearbook*, 2000, 116-117.

**Chart III: NGNCEs by Types, 2000**



The chart is based on: Yang, 2000. 381.

*Shehui tuanti* or *shetuan* (social organization): this is the most commonly adopted term for organizations outside of the state. The term social organization predated the PRC established in 1949, and some scholars believe that the earliest forms of Chinese social organizations can be traced back to the Spring-Autumn period (770-476 B.C.). However, the term refers primarily to modern forms of private associations that first appeared at the beginning of the 20<sup>th</sup> century. Since 1949, The PRC government has continued to use this term and three of its regulatory

documents on this subject (1950, 1989 and 1998) all use the term “social organizations” for entities that were outside of the state system.

**Chart IV: Five Equivalent of Social Organizations**

Term	Chinese word	Referring Organizations (examples)
Social Organization	<i>Shehui tuanti</i>	All nongovernmental organizations excepting the non-commercial enterprises
People's Organization	<i>Renmin tuanti</i>	“The eight big organizations” (see endnote) All-China Federation of Industry and Commerce Chinese People's Friendship Association, All-China Federation of Returned Overseas Chinese
Mass Organization	<i>Qunzhong zuzhi</i>	All-China Federation of Trade Unions, Chinese Communist Youth League, All-China Women's Federation, Chinese Research Association of People's Ideological & Political Training
Folk Organization	<i>minjian zuzhi</i>	All-China General Chamber of Industry and Commerce, Chinese International Chambers of Commerce, Western Returned Scholars Association,
Nongovernmental Organizations	<i>fei zhengfu zuzhi</i>	Usually is used to refer to foreign NGOs; some independent Chinese organizations

From the 1950s to the Cultural Revolution, at the national level thirty-four organizations founded before the PRC and seventy-four established after 1950 were classified as “social organizations.”<sup>8</sup> They were loosely supervised under the Ministry of Internal Affairs (*neizheng bu*, the predecessor of the Ministry of Civil Affairs), but closely managed by various administrative departments. In 1989, the Division of Social Organizations (DSO) within the Ministry of Civil Affairs (MOCA) was established and assigned to register all social organizations.

In “The regulations of registrations of social organizations” (1998) the government offers a definition of social organizations for the first time. “Social organizations,” it states, “are nonprofit organizations that are voluntarily founded by Chinese citizens for their common will and operated according to their charters.”<sup>9</sup> Compared to previous imprecision in defining SOs,

reflected both in *The Encyclopedia of Chinese Social Organizations* (1995) and in “The Constitution of the People’s Republic of China” (1982), the new definition provides a clearer foundation for the governance of NGOs.<sup>10</sup> It stipulates that social organizations are nonprofit. It also points out the voluntary nature of those organizations.

Whereas *social organization* is adopted by the government as a general term for organizations outside of the state, the remaining four terms are also used officially, but specifically. *Renmin tuanti* (people’s organizations) appeared in the 1954 and 1982 Constitutions and other government documents. *Qunzhong zuzhi* (mass organizations), on the other hand, has never been used in any legal or official regulatory documents, but it has been used officially on many occasions. Only a small number of prominent organizations have ever been classified as either “people’s organizations” or “mass organizations.” The so-called “eight big organizations” (*ba da tuanti*), for example, are all people’s organizations, and some of them are also mass organizations.<sup>11</sup> The two terms do not exclude each other, and the Chinese Communist Party (CCP) uses them according to its political agenda. The All-China Federation of Trade Unions (ACFTU), the Chinese Communist Youth League (CCYL) and the All-China Women’s Federation (ACWF), for instance, are mass organizations in structure, but they are also referred to as people’s organizations to indicate their prestigious status.

The questions here are: what are the meanings of these two terms? Why are they still in use today? Why do we need to know about those two types of organizations? Because they help us understand the way the Chinese government employs social organizations as tools of political struggles. The people’s organizations and mass organizations have significant political implications and historical backgrounds, although no official documents have ever defined them. One must turn to China’s contemporary history and the CCP’s political vocabulary. The term

“people’s organization” was created by the Guomindang government in the 1920s, and it is still used in Taiwan today. After 1949, the PRC government accepted the term, but employed it in a particular way. Especially in the early period of the PRC, the term refers to organizations that participated in the First Chinese People’s Political Consultative Conference (CPPCC) in September 1949, a month before the establishment of the PRC.<sup>12</sup> In fact, the CCP organized quite a few organizations around that time to unify various political forces joining the revolutionary cause. They have been China’s most influential organizations ever since, the backbone of the united front represented by the CPPCC.

In the contemporary CCP’s political vocabulary, the word “people” opposes the word “enemy” or “CCP’s enemy,” and its content changes from one political period to another, depending on the specific targets of the revolution. For instance, during the anti-Japanese War (1937-1945), the landlord class was included in the category of “people,” while during the land reform movement (late 1940s and to early 1950s), they shifted to “enemy.” Shortly before the establishment of the PRC, Mao Zedong published an important article, “The Dictatorship of the People’s Democracy” (1949). “Who are the ‘people’?” Mao asked. “At the present stage in China, they are the working class, the peasant class, the petty bourgeoisie, and national bourgeoisie. Under the leadership of the working class and the Communist Party, these classes united together to form their own state and elect their own government (so as to) carry out a dictatorship over the lackeys of imperialism--the landlord class, the bureaucratic capitalist class, and the Kuomintang [Guomindang] reactionaries.” Mao continued to explain that, “the democratic system is to be carried out within the ranks of the people, giving them freedom of speech, assembly, and association.” Consequently, the Chinese (and all organizations as well) are

divided into: leading classes, the united front (the classes with whom the CCP can ally at the present time), and enemy.

The CCP wanted to enlist “people’s organizations” in the fight against the Guomindang, and support from non-CCP organizations helped to convince the nation that the CCP truly represented the people. As a reward and to ensure future support, the CCP offered many political privileges to the organizations, including exemption from registering with the government.<sup>13</sup> Since this term carries substantial political weight, very few organizations have obtained the “title” later on. When organizations do use this title, their missions usually are related to the united front. For instance, during the early 1950s, the former chambers of commerce and other merchant and entrepreneurial associations were joined in the All-China Federation of Industry & Commerce (ACFIC). The ACFIC is a “people’s organization”; its purpose, as stated in its charter, is to strengthen the united front.

The term “mass organizations” also carries significant political implications. The word “*qunzhong*” means “groups of individuals” or “the majority.” But in the CCP’s political vocabulary, the word conveys specific meanings. First, it is used to distinguish people as either non-party members (*qunzhong*) or CCP members (*dangyuan*) and thus directly affects people’s political status and their daily lives. Whether one is a *dangyuan* or a *qunzhong* has significant consequence in matters such as study or job opportunities, and in how one is treated politically as well as socially. Second, in the CCP’s ideology, the masses and the Party are two essential elements in a unity of contradiction. The CCP recognizes the masses as the foundation of its rule and the object of its service and defines its own actions as “mass cause,” “mass movement,” or “mass struggle.” At the same time, the Party requires the masses to follow its lead as the head of the revolutionary cause.

Accordingly, the term “mass organization” has a twofold political meaning. On the one hand, it indicates the position of mass organizations in the CCP’s political system. The CCP defines itself as “the vanguard of the working class” and “the core force of the mass movement,” with mass organizations on the periphery around the Party. Since the Party represents the people’s interests, these organizations should follow the Party’s leadership. It does not allow mass organizations to challenge its authority. The political struggle between the ACFTU’s leaders and the CCP during the 1950s over the independence of trade unions set a clear example for other mass organizations on the periphery around the Party. By 1949, Chinese industrial workers had experienced thirty years of autonomous union actions, so Chinese workers in major cities understood the meaning of solidarity and unionization. Many unions were non-Communist organizations. This tradition was the first casualty of the CCP’s policy towards the mass organizations after 1949 (Liu, A. 1996, 91). Union leaders who made assertions about the workers’ unique interests and the unions’ independence were criticized as “anti-party” and “anti-people,” and many were punished severely by the Party (Wang, Y. 1992. 345-379).

On the other hand, the CCP relies on mass organizations to reach out to different groups of people; it was true during the revolutionary period and is still the case today. They provide a bridge between the CCP and the people. Before 1949, many mass organizations were grass-roots organizations fighting directly for their members’ interests. After 1949, the CCP became the ruling party, and workers unions, women’s federations and youth leagues have become governmental organizations entirely dependent on and closely controlled by the government. The interests of their members have been ignored, or, to use the CCP’s vocabulary, individuals obey the state’s and the Party’s interests. The duties of mass organizations switched to propagating Communist ideology, assisting the Party, and recruiting CCP supporters. The government has

entrusted them with important administrative functions, along with their privileged status as government agencies.

In short, the term “people’s organization” implies a mission for the united front, and the term “mass organization” indicates a close but subordinate relation with the Party. From an historical perspective, these classifications reveal the CCP’s notion of non-party organizations and its changing agenda in different periods. Although since the 1980s the conditions of nongovernmental organizations have altered tremendously, the official policy towards these two types of organizations almost is unchanged. In order to downsize, in recent years the government has pushed previously government-funded organizations to become self-sufficient. However, the people’s and mass organizations are too important to the CCP’s political power to grant them independence. The government has continued to furnish financial and personnel support, and these organizations do not need to register with the Ministry of Civil Affairs when all other social organizations have to.<sup>14</sup> This situation has created a major dilemma for the government in its effort to apply a similar regulatory and managerial policy to all social organizations. This is also an important reason for the reluctance to formulate a clear social organization law (*shetuan fa*).<sup>15</sup>

Two other terms for nongovernmental organizations, *minjian zuzhi* and *feizhengfu zuzhi*, too, have their own origins and political connotations. In Chinese, *minjian* means “among the people” or “people-to-people.” As a rather old Chinese term, *minjian zuzhi* is an antonym of “governmental organization” (*guanban or zhengfu zuzhi*) and highlights the very nature of self-organizing. In the early 1950s, nine religious *minjian zongjiao tuanti* and their branches nationwide were identified as “anti-revolutionary secret societies” and officially banned. As a conspicuous political event, the dismissal of the *minjian zuzhi* sounded a clear signal, and

eventually “*minjian zuzhi*” vanished in China. From then to the 1980s, this term was only used to refer to foreign nongovernmental organizations that functioned as very important channels for China to the outside world. Not until the 1990s, was the term “*minjian zuzhi*” revived. In 1999 the national government’s agency in charge of all NGOs was renamed Minjian Zuzhi Guanliju (Managing Bureau of Popular Organizations).

The term *fei zhengfu zuzhi* is not authentic to the Chinese language but is a transliteration from English “nongovernmental organizations.” When China hosted the Fourth World Women’s Conference (WWC) in Beijing 1995, the Nongovernmental Forum of the 4th WWC made this term well known to the Chinese. To prepare Chinese women’s organizations to understand the meaning and practice of *fei zhengfu zuzhi*, the All-China Women’s Federations launched a campaign to train women leaders at all levels. Over 8,000 workshops and seminars nationwide involved 1,910,000 women leaders and activists, most of whom learned the term *fei zhengfu zuzhi* for the first time.<sup>16</sup> Since then “*fei zhengfu zuzhi*” has become a formal term in the Chinese political vocabulary.

It is not a problem at all to use *fei zhengfu zuzhi* to refer to foreign NGOs; Chinese social organizations, however, are reluctant to call themselves *fei zhengfu zuzhi*. In Chinese, the word “*fei*” means not only “not,” but also “wrong,” “censure,” or even “anti.” For example, during the May Fourth Movement (1919), the Chinese name for the “Great Federation of Anti-Religion Movement” used *fei* for “anti.” The same held for the “Federation of Anti-Christianity.”<sup>17</sup> Instead of choosing *fei zhengfu* to indicate their nature, new Chinese NGOs prefer to use NPOs (nonprofit organizations.)

In summary, since the late 1980s, the government has undertaken substantial measures to improve the legal and political environment for the growth of NGOs and to strengthen

governmental control over them at the same time. The promulgation of a series of regulatory documents since 1998 indeed has provided a much clearer and unified status to most organizations outside of the state system. However, these efforts are not without obstacles and costs. While new organizations are seeking more autonomy, many well-established social organizations are reluctant to change. People's organizations and mass organizations stand to lose political power, privilege, and security with a fundamental change in the status quo. At present, the government is rethinking the roles and statuses of these two types of organizations, which number two hundred nationwide.<sup>18</sup> However, these political bodies are too important to the CCP's power to let them become independent.

The confusion and inconsistency in the classification of social organizations is reflected in the uncertainty of the government's policy towards NGOs as a whole. It reveals problems more profound than clarifying the categories of NGOs or the terminology of social organizations. As the second section will further discuss, the government has faced a great challenge of letting organizations become autonomous in financial and managerial matters and taking the political risk of losing control entirely. Without a comprehensive and long-term policy, how can the government define the term "social organization," change the status quo of the people's organizations and mass organizations, or offer Chinese social organizations the rights that international *fei zhengfu zuzhi* enjoy? The future roles of the Chinese organizations remain in doubt.

### **Official Regulations of NGO Since the late 1970s**

The current official governance of nongovernmental organizations in China began in the late 1970s, and it has been an integral part of the CCP and the government's political agenda ever since. The history of the private sector in the republican period (1911-49) and under the

party-state rule of the CCP in the first thirty years of the PRC also have influenced the current government's NGO policies greatly. To understand the substantial changes in official attitudes toward NGOs during the past two decades and what is the main motivation for the government to promote NGOs, we need to briefly review the history of China's private sector since the late 19<sup>th</sup> century and the general background of Deng Xiaoping's modern reforms.

Associations and organizations that engaged in political, social or cultural activities outside of state control had deep roots prior to the establishment of the People's Republic of China (PRC) in 1949. Modern forms of private association made their debut in China in the late Qing Dynasty (1890s-1911). But long before the late Qing, Chinese people organized themselves through clan or family groups that sometimes supported temples, schools, and other charities, and also through merchants' associations that provided mutual support to merchants who traveled to and from distant cities (Ma, M. & Zhu, 1993, Ma, M. 1995). From late Qing to early Republic, many traditional organizations had gradually transformed into modern civic associations. Some American scholars believe that an "incipient civil society" existed in China as early as late 19<sup>th</sup> century (Rankin, 1986, 1993; Rowe, 1984, 1989; Strand, 1989).

After the turn of the 20<sup>th</sup> century, chambers of commerce, scholarly associations and private professional institutions in sciences, medicine, education, and other public services rapidly appeared in China. This was particularly true in some major cities and coastal areas. Representing their own groups' interests, these private organizations comprised a distinct political and economic force that was sometimes an alternative to the state. Nevertheless, their relations to the governments were close and often dependent. Min Ma, a Chinese historian, points out that "the purpose of early Chinese civil society was not to confront the government, but rather to harmonize the relations between society and the government, providing autonomy

to assist government. This point was mutually accepted by both the government and society.” (1995, 287) Such understanding of the state-society relationship has been so deeply embedded in Chinese culture that it has continued through different historical times in contemporary China.

During this period, western ideas, western organizational forms, and the European civil law tradition that gave legal standing to certain kinds of private institutions were introduced into China. Organizations associated with foreign private forces such as YMCA, Red Cross, the Rockefeller Foundation’s Peking Union Medical College, and thousands of missionary schools and hospitals constituted an important part of this nongovernmental development.<sup>19</sup> Many of those institutions survived revolutions and wars and have continued to exist till today. Their traditions have not vanished after the institutional nationalization in the 1950s, and their influence in many ways continues.

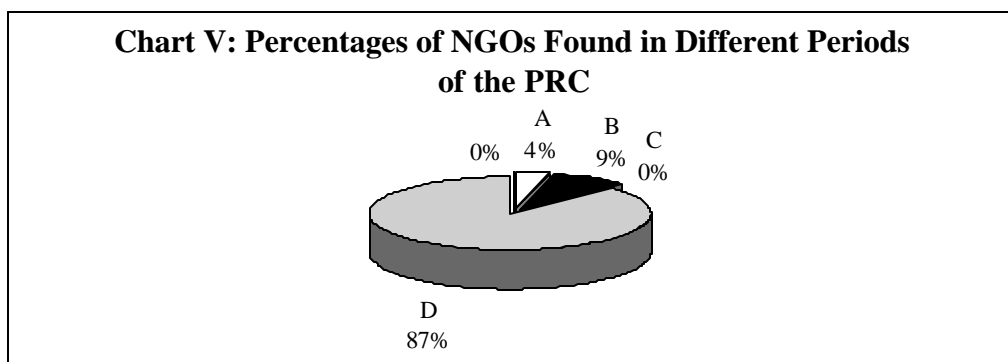
The progress of those associations, unfortunately, was first interrupted by the Japanese invasion (1931-1945) and China’s Civil War (1945-1949), and then was completely ended by the CCP’s successful seizure of national power in China. Right after the establishment of the PRC, the central government issued its first regulations for social organizations (1950) as the legal foundation for its enormous efforts to use all kinds of organizations to support the party-state. Since then the central government of the PRC either suppressed or nationalized private organizations, and new government-controlled “NGOs” assumed certain governmental responsibilities. The ten years of Cultural Revolution (1966-1976) halted all NGO activity, and the CCP’s effort to control all aspects of life in China came to a calamitous end. Mao Zedong’s effort to suppress all dissent and all independent sources of action led to wanton destruction and total collapse of the economy. By the end of the Cultural Revolution, the CCP was in grave danger of losing legitimacy and popular support.

The economic reforms undertaken since 1978 are a strategic response by the Party to this political crisis. Economic development, as Deng Xiaoping made clear, was a political as well as an economic concern. Facing pressure from the people for change, the CCP and the government realized that reform and development would endow their authority with trust and legitimacy. This perception has become the major motivation behind the reforms that followed the Cultural Revolution and this conviction has shaped official policy towards activities of nongovernmental organizations as well.

In general, the government has taken a positive view of the entire NGO matter, believing that the state can obtain assistance from societal resources. The reforms have led the state to withdraw from many aspects of China's society, with a consequent change in the political power structure. To the government, social organizations and private institutions have become an indispensable part of its attempt to follow the policy of "big society and small government." Not only can nongovernmental entities provide needed economic, social, and professional services, they can also become institutionalized mechanisms for the on-going reform of government agencies. In fact, since the reforms, nongovernmental bodies have been the recipients of many economic and administrative powers formally controlled by the state.

Roughly speaking, the development of official policy regarding Chinese NGOs since the late 1970s can be divided into two periods. From 1978 to the eve of the 1989 students' democratic movement, the government started to let loose of associative activities outside of the state control. But during that time it did not have a clear policy towards those organizations, nor was any bureau specifically in charge of NGO affairs. From 1989 to present, however, many official documents have been issued in regard of NGO management, and based upon them a comprehensive regulatory system of NGOs has been gradually established.

Following the start of Deng Xiaoping's economic reforms in 1978, political control relaxed and all types of NGOs blossomed in the 1980s (See Chart V.) During the late 1970s and the 1980s, the fastest growing NGOs have been scholarly associations (Ma, Q. 1998). The unprecedented flourishing of student and scholarly associations during this time provided the real dynamics behind the democratic movements of the 1980s. This all occurred so fast that Chinese officials not only fell in with this social change but also failed to comprehend its profound meaning, as evidenced in the absence of both a regulatory policy and an official bureau responsible for registering social organizations. During this period, the founding of social organizations was almost unregulated. Any government bureau or organization, or even a social organization, could approve new organizations and place them under supervision. The "offspring" of social organizations sometimes multiplied to the fifth generation (Chen. 25). Later, the government referred regretfully to this time as "a chaotic period when there was no rule to follow and no person in charge." (ibid. 25, 39)<sup>20</sup>



- 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 from the late 1970s to 1994.

Source of Data: *Encyclopedia of Chinese Social Organizations*.

The dramatic burst of political energy from organizations of students, workers, and city residents during the 1989 democratic movement demonstrated their enormous potential in

China's political life, and this event forced the CCP government to rethink its NGO policy. During the very heat of the 1989 movement, the Division of Social Organizations (DSO) was formed within the Ministry of Civil Affairs (MOCA) to oversee NGO activities, and it launched the official regulatory system over the NGOs. In 1996, facing the rapid growth of the social organizations and political consequences brought by this new development, Jiang Zemin, the chairman of the CCP, convened a special meeting of the Standing Committee of the CCP's Political Bureau to discuss strengthening NGO management, the first such meeting in CCP history to be devoted to NGOs.<sup>21</sup> This meeting resulted in a new series of official regulatory documents that are comprehensive, detailed and much more strict than the 1989 system (G.D. 1998, A. & B.) Compared to official governance of NGOs in the previous period, the 1998 policy is more strict, comprehensive and consistent.

By creating the status of nongovernment and noncommercial enterprises (NGNCEs) for private nonprofit service providers, and by placing both social organizations (SOs) and NGNCEs in a unified regulatory system under the supervision of MOCA, the government has greatly enlarged the scope of entities considered to be NGOs, while simultaneously strengthening its supervision over them. Before 1998, no consistent policy addressed private professional service providers, and they had to register with and accept supervision from a host of administrative departments with various policies. Many even had to register as for-profit entities with the Bureau of Industry and Trade.<sup>22</sup> The 1998 system registered them, for the first time, under a unified status.

Certainly, these developments have had positive effects on the growth of the NGOs. The new policy provides a legal basis for private organizations, small ones in particular, to exist and grow. The new policy has created a sense of a united NGO sector with a common legal and

political ground. Recently, SOs and NGNCEs have attended the same conferences to discuss policies and issues of concern to them all.<sup>23</sup> Although Chinese NGOs are still far from an integrated and independent sector, this new status offers them the opportunity to grow. The new policy aims to prevent illegal or inappropriate behavior of NGOs that had harmed NGOs' reputation badly during the 1980s, thus it is generally welcomed by NGOs.<sup>24</sup> It also provides certain legal protections against government abuse of the organizations.<sup>25</sup>

Under Chinese NGO policy, nonprofit organizations are required to register, and the registration process is a dual system. No social organization can register with the Ministry of Civil Affairs (MOCA) unless its professional supervisory agency, usually a governmental institution, approves. NGO leaders refer to them in vivid language as “mothers-in-law,” because these agencies exercise day-to-day oversight. Not uncommonly, small independent SOs register as *for-profit* business firms because they cannot find a “mother-in-law.” Periodically, all nonprofit organizations are required to re-register. During each re-registration, many organizations are rejected by MOCA. In the nationwide re-registration of 1991-1992, 118,691 organizations applied, but only 89,969 registrations were approved (Y. Zhang, 1996, 99). The most recent round started in 1998, and by 2000, the total number of SOs registered nationwide dropped from 200,000 to 136,841 (*The China Civic Statistic Yearbook*, 1998, 2000.)

From the government's point of view, those mothers-in-law help the government control NGOs politically and legally. Some Chinese official emphasize that China is not the only country that uses dual registration, and thus China's policy is reasonable.<sup>26</sup> The dual registration system and the “mothers-in-law” practice, however, are problematic in many ways. The most obvious issues here are (1) whether those mothers-in-law are accountable for NGOs actions legally or politically, and (2) can they really control NGOs in practice? According to the most

recent registration document (1998), all registered NGOs must be corporate entities (*farentuanti*), thus legally they are accountable for all their actions. The mothers-in-law, on the other hand, are taken accountable by the government should any political problem occur in a social organization. This has become the most obvious reason why so many small and independent organizations cannot find a mother-in-law for themselves, because no governmental agencies wants to take on such a political liability. At the same time, the governmental institutions that are playing the mother-in-law roles vary greatly in how effectively they exercise their supervision. Most mothers-in-law give free hands to their supervised organizations, as long as they do not make political trouble for them.

In contrast to the strict regulation governing registration, however, current policy leaves ample room for the government to interpret the policy according to the CCP's current agenda or political situation. In other words, the new system in many ways is misleading, at times being based on incomplete legal authority. For example, current NGO policy is entirely based on executive documents, which do not have approval from the People's Congress. Many rules governing NGOs derive from high officials' speeches or unpublished documents that NGOs may not be aware of. Some experts on Chinese law have pointed out that asking NGOs to follow regulations they do not know is an unlawful practice (Su, Ge, Zhang, and Gao, 1999, 43). If the government suddenly decides to act against the NGOs, nothing can stop it. The government also requires all NGOs with three or more CCP members to establish party branches to supervise the organization's political behavior.<sup>27</sup> What powers and responsibilities do these branches have? Unlimited? No legal or official explanations have been offered.

Under the new policy SOs and NGNCEs are entitled to similar NGO status, nevertheless the state's control over social organizations is much more strict. Even though the 1998

Registration Regulation has stipulated, in its forty detailed items, very strict principles in registering social organizations, many other CCP and MOCA circulars institute additional regulations. For example, a MOCA document requires all social organizations' charters to follow a standard model that contains forty-eight articles. These articles include organizations' nature, mission, type, members' responsibilities, managerial structures, governing principles, and financial policy, and furthermore, organizations need to declare clearly their willingness to follow laws, government policy, social moral standards, and their mothers-in-law's supervision as well. In contrast, there is no suggestion in official registration documents of NGNCEs that those enterprises must follow political or moral principles, nor is there any regulation governing their managerial structures and governance.

In China, organizations engaged in political missions are under rigorous governmental control. The great majority of social organizations, small and autonomous ones in particular, tend to avoid political issues and stay "apolitical". As membership organizations founded by people's own initiative, however, huge numbers of social organizations present a profound political challenge to the government, and their existence indeed worries the government.<sup>28</sup> On the other hand, NGNCEs are professional institutions or service providers, and they are not only small but are also scattered in various professions. At the present, their political influence is very limited. Thus, it is not difficult to understand why the government's main concern now is focusing on social organizations.

Does this mean that truly independent NGO cannot exist in China. In many respects, they cannot. We should consider the fact, however, that the Chinese government recognizes the importance of NGOs, and, in addition, lacks the resources necessary to control all NGO activities. "There is a significant gap between rhetoric and practice and between the expressed intent of the

party-state authorities, a system that is itself deeply conflicted, and what can actually be enforced for any significant period throughout the entire country.” (Saich, 2000, 125) The new policy enlarges MOCA’s power and responsibility enormously, which exceeds its very limited capacity. Even though in 1999 the Division of Social Organizations was elevated to the Bureau for the Management of Nongovernmental Organizations with four divisions in charge of various NGOs, MOCA regulates NGOs mainly through registration and re-registration.<sup>29</sup> The day-to-day oversight has been left to NGOs’ “mothers-in-law.”

The conditions of Chinese NGOs are highly diverse, complex, and often opaque. NGOs enjoy a wide range of autonomy. In fact, most NGOs are local, and these have more independence than many scholars presume. The policies of provincial and local governments vary greatly, but in general their management is much looser than the national government’s. As long as NGOs do not overtly challenge official rules, the government leaves them alone. As a Chinese saying puts it, the officials keep “one eye open, the other closed.” “A huge ‘illegal space’ has always existed outside of the state control” (Kang, 1999 B, 2). Although, technically, only registered organizations are legal in China, a vast number of “illegal” organizations also exist (Xin and Zhang, 1999, 92-93).

Gao Bingzhong, a Chinese sociologist, has introduced the idea of “legitimacy” to explain this phenomenon. According to Gao, organizations gain social, administrative, and political legitimacy (or protection) from numerous sources: Chinese traditions, cultural and social needs, relations with governmental institutions and officials, and acting in accordance with political common sense (Gao, 2000). Thus, regardless of the dual approval procedure, the mothers-in-law, the CCP branches, and the frequent re-registrations, the government does not always want to, nor can it, control all NGOs.<sup>30</sup>

In short, the most significant change in China's official policy towards NGOs is the government's recognition of the nongovernmental efforts as an indispensable part of China's economic and social development. In the past decade, the Chinese government has taken measures to complete and improve its management of NGOs, and the most recent official classification and unification of all types of NGOs in 1998 reflected its effort. The current policy provides, to an impressive extent, the political and legal environments necessary for NGOs to grow, thereby generating many positive reactions from Chinese NGOs. In alternating between policies of promotion and restraint, however, the government has shown its contradictory feelings about the role of NGOs. The new regulatory system gives enormous leeway to a government that has never hesitated to use its initiatives and resources to influence NGOs. No doubt, the official governance of NGOs will continue to be the most effective and even decisive factor in the development of a third sector in China in the future.

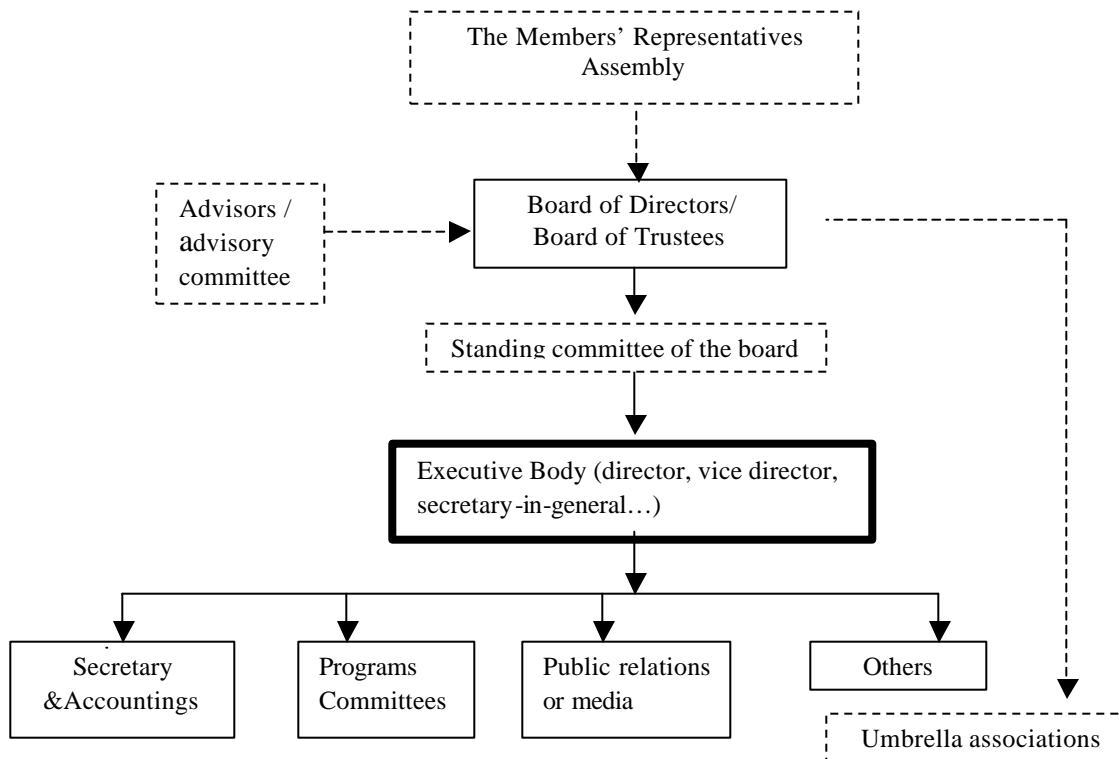
### **NGOs' Internal Managerial Structures and Self-Governance**

Among all aspects regarding the NGOs governance in China, the organizations' internal managerial structures have been least studied. How do they operate? What is their decision-making process, and what are the most important factors affecting this process? How do they select or elect their leaders and hire their staff? Are there fundamental differences in the management between autonomous NGOs and GONGOs? And finally, why are these issues important to our understanding of Chinese NGOs? Considering the fact that this is a highly complicated and still quite unknown subject, and that there are no statistics available at this moment, this discussion can only be a preliminary attempt to shed light on these questions.

In terms of organizational structures, Chinese NGOs can be divided into two general categories: membership organizations and professional service providers. The great majority of

social organizations (SOs) are the first type and the nongovernmental and noncommercial enterprises (NGNCEs) are the second. Under the most recent official regulations of NGOs, the SOs should be corporate organizations, and their internal managerial structures should follow the Ministry of Civil Affairs (MOCA)' standard model. (See the illustration in Chart VI.)<sup>31</sup> There are a large number of non-corporate SOs, however, sponsored either by government organizations or corporate social organizations.<sup>32</sup> Since they do not need to register with MOCA, most small independent SOs prefer this status to corporate status. Some non-corporate SOs are well-organized and exhibit managerial structures similar to those of corporate SOs, but many are in very informal forms.<sup>33</sup>

**Chart VI: The Internal Managerial Structure for Social Organizations**



Notes:

1. Here dotted lines indicate that only a small amount of organizations have such structures.
2. Under the umbrella of a professional or academic association, sub-associations are established in each professional branch. These sub-associations are not corporate organizations, nor do they need to register with MOCA respectively.

As for the NGNCEs, MOCA categorizes them into three legal statuses: corporate, collective and individual enterprises. Beginning in January 2000, MOCA has started to reregister NGNCEs. Since then, it has issued detailed regulations on the registration, but none of them are about the managerial structures of any of these three types.<sup>34</sup> The reasons for the lack of stipulations on management are complicated. The NGNCEs include a vast spectrum of institutions with different professions, institutional forms, operating mechanisms and sizes, and most of them have emerged within this decade. Only very recently have official regulations put them under one legal status, that of the nongovernmental and nonprofit enterprises. In addition, these enterprises are an eclectic group, and only a small portion of them will receive corporate status, while others are small and unstable. The government not only has no experience and resources in dealing with them, but it also does not even really know how many they are. On the other hand, many NGNCEs are not really nonprofit entities, and it is not uncommon that people use this status to make a fortune.<sup>35</sup> Understandably, the government's major concern at the moment is to control inappropriate or even illegal use of NGNCE status.

Since the 1990s the government has been pushing all social organizations to eventually become self-sufficient, self-managing and self-recruiting. In order to normalize self-management, MOCA has issued a model managerial structure for all NGOs to follow. According to this model, the members' assembly or the member representative' assembly (*huiyuan dahui/ huiyuan daibiao dahui*) holds the ultimate power in a membership social organization's decision-making, and its duties include: making and amending organizational charters; electing and recalling members of the board of directors; approving the board's work and financial reports; and deciding on other important matters of the organization.<sup>36</sup> The

assembly is usually held every five years, and during the assembly's adjournment, the board of directors exercises decision-making power.<sup>37</sup>

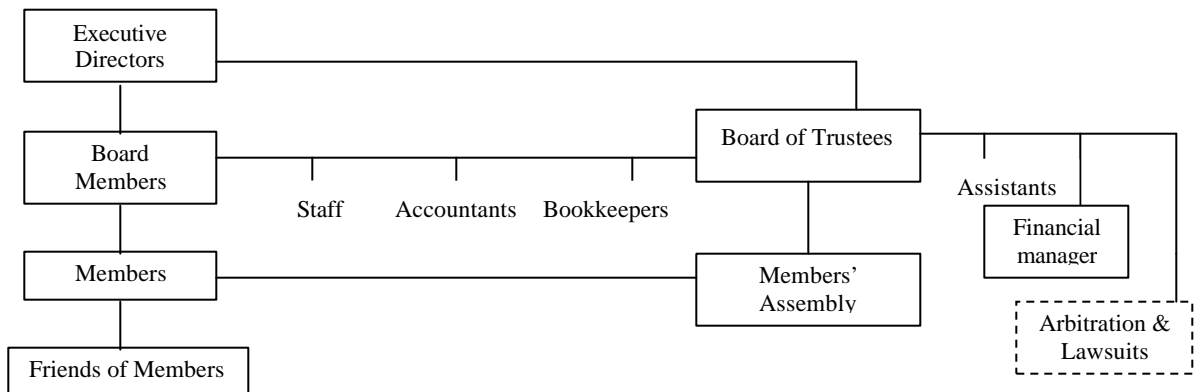
However, not all membership social organizations hold members' assemblies, and, in fact, only those well-established social organizations with local branches or those with a large membership have members' assemblies. The former are almost all GONGOs. For example, mass and people's organizations all have member representatives' assemblies, and their managerial structures and operating systems are very similar to the way that the Chinese Communist Party operates (ZJBWB, 1996.) From the information available, the majority of NGOs in China are operating without members' assembly.<sup>38</sup>

Many SOs and all NGNCEs are non-membership organizations, and therefore lack assemblies. Furthermore, even when assemblies are held, since the interval between assemblies is usually four to five years, they therefore serve as more of a "power-symbol" than a substantial decision-making tier. Instead, the board of directors (*lishi hui*) or board of trustees (*dongshi hui*), as some NGNCEs prefer, has become the most popular and important managerial form among NGOs in China. In the following paragraphs, the discussion will focus on the formation and role of the board of directors, and its relationship with executive directors. I will examine these issues against the broader context of China's current political situation and compare them with practices in American nonprofit organizations.

The board of directors and board of trustees in organizational management are not new to the Chinese. Before the establishment of the People's Republic of China in 1949, these managerial forms existed widely in modern academia or professional institutions and associations, as well as in chambers of commerce and trade associations. For example, in missionary schools or hospitals, boards of trustees were identical to those in America, and well-

organized boards of trustees also appeared in traditional Chinese merchants' organizations. Chart VII presents a typical internal managerial structure for chambers of commerce in late 19<sup>th</sup> century Suzhou, a prosperous mid-size town in southeast China. The structure is quite similar to that of a present day board of directors. (Compare Chart VI and VII.) Those chambers of commerce presented amazingly combined features of modern democratic principles and economic reality at that time (M. Ma and Y. Zhu, 1993.) The boards of trustees, however, vanished when all private institutions or associations were either eliminated or nationalized after 1949, as everything became state-controlled. The revival of the board of directors/ trustees today harkens back to their first existence prior to 1949.

**Chart VII: Organizational Structure of Chambers of Commerce, Late Qing Suzhou**  
**(From the late 19<sup>th</sup> century to 1911)**



Resource: Ma, M. and Zhu, Y. (1993). 63.

Theoretically, the board of directors/ trustees has the ultimate power in the decision-making process in each NGO that does not have a members' assembly. The chair of the board is also the corporate representative legally responsible for the organization's actions. The board's duties are quite similar to those of the members' assembly. In other words, the board has the ultimate power in important policies regarding budgets, personnel, and programs. Many Chinese NGOs have learned a great deal in formatting their boards and other managerial mechanisms

from their international counterparts.<sup>39</sup> For instance, some Chinese NGOs have tried to recruit people who have fundraising or legal expertise or political or social influence into their board. In other cases, special committees within the board are established for specific tasks. These forms clearly show efforts of Chinese NGOs to assimilate themselves into their international peers, and in modern Chinese political vocabulary this is termed “connecting [Chinese] railroad tracks with international ones (*yu guoji jiegui*).”

In reality, nevertheless, the governance of Chinese NGOs represents a rather different picture. For example, one of the most significant differences between Chinese and American boards in non-membership organizations is that the former does not self-perpetuate. Unlike boards of directors or trustees in America, members of Chinese boards are not selected by a membership committee within each board. Instead, they are selected by executive directors and the secretary--general of the organization.<sup>40</sup> Furthermore, almost without exception, the top executives themselves are either on the standing committee of the board or on the board itself. Apparently, the board is under a great deal of influence by the executive director.

The size of boards varies greatly, and this too is a matter entirely up to the executives. For example, in 2000 the China Youth Development Foundation has a board of one hundred and twenty members, and the board of the China Charity Federation has over two hundred members. On the other hand, there are boards with fewer than ten members, such as the Unirule Institute of Economics (1996). Under the conviction that board members can bring “invisible capital” to their organizations, many NGOs embrace a large number of governmental officials, lawyers, donor representatives, entrepreneurs, scholars, and celebrities onto their boards. Factors such as age, gender, minority status, and locality are also taken into consideration. Therefore, the board

size is often considerably large when compared to size of the actual organization. As a result, it is not expected that such a large board carries out any real function.

Thus formed, the board of directors can hardly operate independently or have substantial impacts on the NGO's governance. One of the most important roles of a private foundation's board in the United States, for example, is its fiduciary responsibility. But in China, the board does not have special committees to oversee the organization's budget or financial management, programming or personnel matters, nor does it evaluate the executive director or secretary-general's performance and salary. It has become standard procedure for a board of directors to convene at a one-day annual conference, during which it passes annual reports on programs and finance and approves bills of next year's budget, programs, and personnel changes. The executive director or secretary-general prepares the reports and bills, and board members usually do not receive copies of these documents prior to the meeting.

The executive directors have not yet considered this situation problematic to the future development of their organizations. On the one hand, directors of large and still quite governmentally controlled social organizations are usually retired high officials, and even now they are used to taking decision-making into their own hands. The heads of small independent NGOs, on the other hand, often are the founders of these organizations, and many of them believe that they know what is best for their organizations.

It is true that the board of directors is more or less a formality, particularly in large GONGOs or quasi-NGOs. Yet, it would be generalizing too much to consider them merely a rubber-stamp. In autonomous NGOs, some boards are active and very much involved in the decision-making, while others may not have any real influence. In a large board, some members are very engaged in the organization's development and contribute a great deal of their expertise

and time to it, even though the board in general only meets once a year.<sup>41</sup> The adoption of the board in NGO governance indicates the formation of a mechanism leading towards a more democratic management, although their actual function is still only on paper at the present stage.

By and large, the most essential link in NGOs' internal managerial structure is the executive director, or, in many organizations, the secretary-general, and the staff below. Their vision of the organization's mission and goal, their ability to utilize and embrace internal and external resources, and their creativity in fundraising strategies and program invention are crucial to a NGO's sustainable development. With insufficient legal and taxation codes to define NGO status, as well as inadequate official supervision over NGOs after they register, NGO behavior is basically self-determined. It is not an exaggeration to say that the leadership of NGOs shapes the organization. The past decade or so has witnessed the impressive growth of a group of outstanding NGO leaders and activists in China, but unfortunately they are the small minority amongst all the NGO officials and staff members.

Currently, NGOs leaders and staff consist of three main groups: (1) those who were formerly officials (civil servants), but either retired or transferred from their governmental job to work at NGOs; (2) those who have organized and/ or worked at NGOs on their own initiative, and some of whom still work at governmental institutions simultaneously; and (3) those who are hired by NGOs under contract. These people's different backgrounds have shaped their understandings of NGOs work and their attitude toward them.

To begin with, presently, over 50% of the registered social organizations are GONGOs or quasi-NGOs, as a study estimated (F. Li, 1998, 267.) The mainstay of those organizations' leadership is retired or transferred governmental officials. Their working experience and relations with the state have become assets to those organizations. Many NGOs recognize the

necessity of keeping good relations with the government in order to survive the political environment or to receive funding. In addition, because they have government pensions, they do not ask for a full salary from organizations they work for and some work without recompense.

The most recent official regulations on NGOs have prohibited high officials to be concurrently NGO executive directors. Those former officials have served as strong ties linking NGOs to the government, and they have frequently served as channels of state influence upon NGOs. During the downsizing of the government in the late 1990s, a large proportion of civil servants in every state department retired early and many of them have been placed in GONGOS.<sup>42</sup> This has further deepened the official color of those organizations. Not only are those former officials still used to bureaucratic type of management, they also perceive the role of Chinese NGOs merely to be complementary to the government's needs. Many see NGOs as a place where they can hold onto privilege after they retire. This type of leadership often lacks initiative, vitality, and vision concerning NGOs' long-term development.

A second group of leaders, in contrast, is the most vigorous force in NGO development in China.<sup>43</sup> Almost all of them are well educated with college degrees, and an impressive proportion of them either have received higher education abroad or have connections with international NGO society. Middle aged as most of them are, these leaders or activists grew up in Mao Zedong's time and went through hardship during the ten years of Cultural Revolution. They have survived China's political movements and thus are familiar with current politics and political culture. Tough and intelligent, these people have seized the opportunities of the loosened up political environment since the 1980s to create their own organizations for their dreams and ambitions.

Unlike former officials, these NGO leaders recognize the NGOs' critical political, social and economic roles in the future China, and they consciously seek for organizational autonomy. The broad context of China's current system, however, makes them practical and prudent, and they often choose programs that will not bring any political trouble to their organizations and themselves. They have kept, or at least tried to keep, good relations with their "mothers-in-law." Yet, their initiative and creativity in program invention, fundraising, and operating strategies have given dynamics and life to their organizations and distinguished them from the governmental ones. Unlike bureaucratic type of management in which people passively wait for orders from above, these people are actively involved in and responsible for decision-making and project operation. They understand that effectiveness and efficiency, and their reputation and behavior as well, are crucial to the sustainable development of their organizations.

Thirdly, under the government's three-self policy, NGOs hire most of their staff under full-time or part-time contracts. This group of people comes from a wide range of backgrounds: college graduates, unemployed high school graduates, retirees, or rural migrants. NGOs are seeking for young people with good education and understanding of NGOs' missions, hoping that one day these people will be the mainstay of their organizations. However, comparing working for the state or for corporate companies, NGOs' jobs are much less competitive. While the state job provides good benefits in housing, health care, and pensions, companies usually pay much higher salaries. NGOs simply cannot compete with them in these regards. As a result, fewer promising young people choose to work at NGOs.

Nevertheless, with good causes and more opportunity and flexibility for one's potential, NGOs do attract many very qualified people. These people are the NGOs' future. But for now, there is a wide gap between the current NGO leaders and those who come to the board later. The

fame, influence, social connections, and their life experience and work achievement held by many current leaders eclipse those under them, and this situation makes it almost impossible to regularly refresh the leadership. This situation is particularly noticeable in small independent NGOs where the organization's well being depends so much on the leader's personal role that the organization may not be able to survive without him or her. Lack of competition in NGOs' leadership also leads to the possibility of acting arbitrarily in organizational management.

In short, current internal structure of NGOs indicates democratic governance, but there is still a long way ahead of Chinese NGOs to become real autonomous organizations run by democratic principles. In this regard, there is no fundamental difference between GONGOs and autonomous NGOs. Many factors still restrict NGOs acting freely, and both the broader political environment outside NGOs and the leadership within NGOs are yet to be ready for democratic governance. Even so, the NGOs' managerial structures and leadership described above have demonstrated profound changes in China's organizational governance, and they provide mechanisms that will eventually lead NGOs to real self-governance.

To conclude, the significant economic and social changes in China since the late 1970s have revitalized and nurtured the private and nonprofit sector that was suppressed for almost thirty years prior to the reforms. The pluralized economy and social needs have pushed the government to recognize the increasingly important role of nongovernmental organizations in its reform agendas, and the state has withdrawn from many public and private spheres where private entities have taken more and more responsibility. Unifying NGO classifications and legalizing their operations have become the essential prerequisites for the development of NGOs in China. At the same time, the state's concern with the political risks and consequences brought on by

NGOs has intensified. Not only does the state continue its control over some of the most influential organizations, such as mass organizations and people's organizations, but it also has strengthened regulations on all types of institutions outside of its direct management. The long-established prestigious status of mass and people's organizations, the slow fruition of social organization law, and the most recent regulatory documents on both social organizations and nongovernmental, noncommercial enterprises all derive from the government's contradictory NGO policy.

The government's dilemma on this issue has directly affected the NGOs' internal structure and operation. The official policy of self-sufficiency, self-management and self-employment has cleared space, to varying degrees, for NGO autonomy. The resumption of the board of directors is also an important step in leading these organizations away from state control. Furthermore, the growth of a new generation of organizational leadership becomes possible because NGOs themselves have a future in China's politics. On the other hand, the strong official interference in NGOs' internal operation and their limited understanding of NGOs' role has seriously confined NGOs self-governance in general and the board's functions in particular.

China now has been through an unprecedented transformation in her history. The current state of NGO governance in China can be seen as a logical result in a transitional period, and much of its difficulties and problems reflect the uncertainties in the reform process. It is under such political and social environment that Chinese NGOs survive and grow. The way that the government regulates entities outside the state and NGOs run their organizations cannot exceed beyond the limitation of China's current political system as well as its social and cultural conditions. While Chinese NGOs as a whole are making impressive progress, real autonomous and democratic governance has not yet appeared on China's horizon.

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- <sup>1</sup> Zhongguo minzheng tongji nianjian (China's civil affairs statistical yearbook). China Statistics Publishing House, 2001.
- <sup>2</sup> The author's interview with the director of the subdivision under the Bureau of Nongovernmental Organizations, the Ministry of Civil Affairs (MOCA). 2001, Beijing, China.
- <sup>3</sup> Minxin Pei's study (1998) offers a brief summary of this literature. Also, see R. Baum and A. Shevchenko (1999), 333-362.
- <sup>4</sup> These documents are: "Regulations of Registrations of Social Organizations (SO)"; "Temporary Regulations of Non-governmental and Non-commercial Enterprises (NGNCE, *minban feiqiye danwei*)"; and "The Temporary Regulations of Non-commercial Enterprises (*shiye danwei*)". According to the author's interview with an official in the Bureau of Nongovernmental Organizations, 2001, Beijing, China, a revised document on regulation of the foundations and a new executive document on foreign NGOs in China are forthcoming.
- <sup>5</sup> The NGNCEs are income-making institutions that do not produce products but provide services. The 1998 Regulations for the nongovernmental and noncommercial enterprises clearly stipulates that the NGNCEs must be established with non-state funds, and engage in not for profit social services.
- <sup>6</sup> The Ministry of Civil Affairs, "The Provisional Measurements of Registration of Nongovernmental and Nonprofit Enterprises." Dec. 1999.
- <sup>7</sup> Besides the five terms, other terms are used to address specific situations of individual organizations. For example, the China Federation for Handicapped People is classified as a combined entity with the functions of interest group, social welfare institution, and managerial agency of non-commercial enterprises.
- <sup>8</sup> These numbers are based on The Encyclopedia of Chinese Social Organizations (ed. by Fan, 1995). For elaborated analysis of statistics of social organizations, see Q. Ma, (1999).
- <sup>9</sup> People's Daily. Oct. 26, 1998.
- <sup>10</sup> The Encyclopedia defines that, "The social organizations can be, according to whether they are for-profit or not, divided into two categories: those that engage in economic activities for profit . . . and those that conduct social activities for non-profit purposes"(55-56). According to the Constitution, only the following entities (*zuzhi*) exist in China: state apparatus, military troops, political parties, and social organizations. Thus the category "social organizations" represents all private organizations, for profit and not for profit.
- <sup>11</sup> The eight organizations are All-China Federation of Trade Unions, the China Communist Youth League, All-China Women's Federation, China Federation of Literature and Art, China Association of Science and Technology, China Writers Association, China Law Association, and All-China Journalists Association. The first three organizations were established during the revolution period and have been the most loyal to the CCP ever since; others were also close to the CCP before 1949.
- <sup>12</sup> "The Temporary Regulation of Registration of Social Organizations" (1950) clearly classified these organizations as people's organizations.
- <sup>13</sup> "The 1950 Regulations" particularly stated that all people's organizations did not need to register with the government. This practice has continued even though the new regulatory document (1989) has no such item.
- <sup>14</sup> In the past two decades the real value of government funds to these organizations has fallen considerably due to serious inflation. Thus, they are under strong pressure to seek other financial resources. Like all social organizations (except the foundations), these organizations also are allowed to run for-profit businesses to supplement their incomes. But government funds are still their major revenue. For example, the Youth League is a fully funded government organization, but the government allows it two for-profit enterprises with 1,150 employees.
- <sup>15</sup> The author's interviews with a participant in drawing up a "social organization law," 1996, Beijing, and an official in the Bureau of the nongovernmental organizations, MOCA, 2001.
- <sup>16</sup> *Ibid.*
- <sup>17</sup> The Chinese names for these organizations were "*fei zongjiao da tongmeng*" and "*fei jidujiao tongmeng*."
- <sup>18</sup> There are two hundred of these types of organizations nationwide, including 19 national organizations fully funded by the government. Several of them were organized after the 1980s; the most well known are the Soong Ching Ling Foundation and the China Federation of Handicapped People. See, ZJBWB (1996).
- <sup>19</sup> For elaborate work on YMCS, see Shirley Garrett (1970); for Rockefeller Foundation's work in China, see Q. Ma (2002); for missionaries' work in China, see John K. Fairbank, ed. (1974).
- <sup>20</sup> Chen was the director of the Division of Social Organization in MOCA during the 1990s.
- <sup>21</sup> Interview with a director of the Bureau of Management of NGOs, Beijing, 2001.
- <sup>22</sup> The author's interviews with private universities and cultural organizations, Fall, 1996 and summer 2001.

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- <sup>23</sup> In 1999 Beijing has hosted two international conferences on Chinese NGOs. They discussed issues related to both SOs and NGNCEs. The author attended several meetings on NGO matters in Beijing in 2000, and the situation was similar.
- <sup>24</sup> For example, during the 1980s many organizations labeled as nonprofit or charitable run for profit China's Foundation for Disabled People was alleged running businesses for profit, and this became an important reason for the official 1988 Foundation Regulations to bar all foundations from running business. The author's interviews with some Chinese NGO leaders, and a formal director of the Division of Social Organizations, MOCA. Beijing, 1996, 2000, and 2001.
- <sup>25</sup> According to the 1998 Regulation and Civil Law, NGOs have the right to sue government agencies. It is debatable that to what degree the NGOs can really exercise this right. Also, interviews *ibid*.
- <sup>26</sup> The author's interview with a MOCA official Beijing, summer 1996.
- <sup>27</sup> On Feb. 26, 1998, the CCP Central Bureau and the MOCA issued a joint document regarding this.
- <sup>28</sup> The well-known Falungong organization was once registered as a social organization.
- <sup>29</sup> The MOCA resorts to re-registration to keep NGOs aligned politically with the party-state. During the 1991-1992 nationwide re-registration, of 118,691 applications, 89,969 were granted (Y. Zhang, 1996, 99). The most recent one started in 1998 and was continuing in January 2000. The author's interviews with officials in the Bureau of Nongovernmental Organizations, Jan. 2000, Beijing. After the Falungong event, two other national qigong organizations were closed by the government in early 2000.
- <sup>30</sup> Many people assumed that after the crackdown on the Falungong in the summer of 1999, political conditions for NGOs might become harsh. But interviews with Chinese NGO leaders and scholars in Beijing, as well as personal impressions, lead me to believe that the government is still very positive about the role of NGOs.
- <sup>31</sup> The People's Republic of China State Council, "The Regulations of Registrations of Social Organizations." issued on Oct. 1998. Also, the Ministry of Civil Affairs, "The Standard Sample of A Social Organization's Chart." undated.
- <sup>32</sup> In the past, the corporate social organizations were called the first level SOs, while those they sponsored were the second-level, or even the third level SOs.
- <sup>33</sup> The author has interviewed many small non-corporate social organizations that did not have any formal managerial structures.
- <sup>34</sup> The Ministry of Civil Affairs, "The Provisional Measurements of Registration of Nongovernmental and Nonprofit Enterprises." Dec. 1999.
- <sup>35</sup> The author's interview with a Chinese NGO scholar, and with some principles of private schools, China. 1996, and 2001.
- <sup>36</sup> "The Standard Sample of A Social Organization's Chart."
- <sup>37</sup> For example, among nineteen most influential social organizations, fourteen hold national members/ member representatives assembly as their highest organizational authority. Within them, ten organizations hold the assembly every five years, two every four years and two every three years. (See ZJBWB.)
- <sup>38</sup> There is no statistics on the organizational structures either at the national or the local levels. None organizations studied by the NGO Research Center at Tsinghua University has members' assembly in their managerial structures (M. Wang's 2000 and 2001.) The author's interviews and collections of NGOs' information reflect this conclusion.
- <sup>39</sup> For example, NGO leaders in Hong Kong introduced to their Chinese counterparts in mainland the structures and role of board of directors. The author's interviews with Chinese NGO leaders, 2001 and 2002.
- <sup>40</sup> Again, since no statistics on this matter is available. This statement is based on the author's interviews with Chinese NGOs.
- <sup>41</sup> The author's interviews with the top leaders the China Youth Development Foundation, 1996, 2001 and 2002.
- <sup>42</sup> The author's interview with a Chinese NGO scholar, 2002.
- <sup>43</sup> The following paragraphs are based on author's intensive interviews with those leaders from 1996, 1999, 2000, 2001, and 2002.

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