

Liu Baocheng

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Globethics.net China Ethics

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PREFACE

Civil society is a term first coined by Aristotle to describe the ancient Greek city-state. With time, it has gained currency as a vital component to democracy in modern political culture and theory. Near the end of the 20th century, its popularity resurged largely denoting to an emergent social phenomenon in East-central Europe that underwent waves of democratic transition. Vast divergence exists in the interpretation and attitude toward this notion as well as its application across the world. Nonetheless, a positive undertone is generally attached to civil society as the hallmark for societal advancement. It is even popularly held that among the forces that constrain state power, before marketization, the most formidable may be global justice saturated in the world of civil society.

National independence and industrial modernization have been the enduring missions of the Chinese people in modern history. Various paths have been explored involving dramatic macro transitions. Though reminiscent of East-central Europe in its political and economic structure for over 3 decades after the Second World War, the rudimental fabric that binds the Chinese society remains vastly unique. Instead of abruptly breaking away from the Stalinist communism after the collapse of the Berlin Wall, China adopted a more gradualist pace while maintaining its national unity in the post-Mao era. China's change was unfolded along a top-down avenue earmarked by its Reform and Open-

door Policy at the end of 1978 when the socialist government started to gradually loosen its grip on the economy. This resulted in a boom of private enterprises (both domestic and foreign) and thus unleashed the power of the market. However, the rapid economic growth is not paralleled by the civic vibrancy though it has quietly prepared its requisite soil. The “four modernizations drive” - industry, agriculture, national defense, science and technology – versed by Deng Xiaoping in 1979 that guided China’s pursuit for a modest level of opulence (*xiaokang*, \$1,000 per capita by the end of 20th century) made no mention of democratization. On the contrary, democratization was largely a subject of prevarication and at times even considered as a contravening force, and hitherto those mavericks are repressed or prosecuted. Until today, in spite of the country’s colossal economic size and high global visibility, civil society continues to play a submissive role in the Chinese society. Nonetheless, the salient Chinese model of development relying on an authoritarian regime has arguably gained credibility seeking economic prosperity on the merit of political stability, particularly when it is viewed against the upheavals that took place in East-central Europe during its melodramatic transformation since the end of 1980s and more recently the looming financial contagion in some of those developed countries whose governments are blackmailed by the interest groups – many of whom are dressed in the costume of civil society.

Non-governmental organizations (NGOs) are the backbones of a civil society. They are formed by willing individuals out of a common interest independent of government and usually operate on non-profit basis. By official definition in China, these organizations are referred to as social groups (*she hui tuan ti*), a term which carries a lingering distaste in the public eye as compared with organizations sanctioned in the political rank and file. The burgeoning number of NGOs per capita is substantially lower than most of other countries regardless of their level of economic development. A primary reason is the government’s am-

bivalence toward civil organizations with regulatory inconsistency and onerous procedures, resulting in precarious dynamism along different chronic phases and uneven distribution across geographic regions (also due to different attitude of local governments), while many more NGOs continue to operate either in disguise or in grey areas. On one hand, their positive and auxiliary role in social management is gaining recognition from the government, but on the other, they are often distrusted as a potentially disruptive force, henceforth have to be controlled through high threshold registration and regular inspection under plural lines of institutional supervision – Ministry of Civil Affairs and another government agency that has authority over the line of the applicant’s business. In addition, restrictive approval and vigorous censorship over mainstream and alternative media and press are always placed on the top agenda of the government for sake of political stability. Albeit the control, the number of unregistered organizations¹ that function as NGOs has multiplied since there is a real need by the society, and the financial and organizational capacity to operate NGOs has thrived. Under a mandatory system, people’s identity was defined and confined in the unit from cradle to grave. With market deregulation, an individual’s freedom is reflected by the fact that they are transforming from a “unit person” into “social person”. Now that the majority of NGOs operate in mutant format, a vast gap is left between official statistics and real number in existence. Both government and NGOs need to overcome a considerable learning curve before they can build the mutual trust and work together more effectively.

The year 2008 staged a climax of activities of Chinese civil society triggered by the Wenchuan Earthquake and the Beijing Olympic Game. Donation and volunteerism were unprecedented. From then on, the attitude of government toward social organizations has experienced notice-

¹The number of unregistered NGOs is estimated at 1.5 million more by Economist, *Chinese civil society, Beneath the glacier*, Apr 12th 2014

able change. The 12th Five-Year Plan (2011-2015) documented innovation in social provision model emphasizing on communal autonomy and the synergy of social groups in social management. In August, 2012, China amended its Civil Procedural Law and for the first time in history legitimized class action by civil groups against environmental offense. In March 2016, Chinese People's Congress passed the Charity Law (draft) set to take effect from September, which has clarified a number of areas of ambiguity. In addition to the shift from approval to registration for the establishment of charity organizations, it has expanded charity activities from financial aid to encompass a larger spectrum of philanthropies aiming at social development.

As China is celebrating its 65th year of People's Republic on the first day of October, its modern history can be divided into 3 distinctive phases. The first 30 years (1949-1979) under the rule Mao Tsetung marked its national independence and unity, but ended up in political turmoil and economic wretchedness. The second 30 years of open-door and reform masterminded by Deng Xiaoping represented the rise of China driven by its explosive economic growth and globalization, but allegedly planted the seed for wealth polarization and rampant corruption. Now the third 30 years is beginning to open a new chapter for awakening of the Chinese mind based on subtle, gradual but sure social reformation – less militant and political, but more civil - that enlivens this nation toward the China Dream by 5 civilizations: political, economic, cultural, social and ecological. The 13th Five Year Plan (2016-2020) sets forth a general target on social management: all systems shall get more matured and institutionalized, which entails major progress in the system of governance and capacity building.

Every major wave of technological revolutions will not only elevate productivity onto a new height, but also bring about new modes of production and changes in social construct – value universe, life style and political landscape. The surge of social media based on information

technologies have created an entirely new and powerful platform for online participation through instant and voluminous information sharing, which is essential for public voices and activities of NGOs. This has proven to be the strongest force behind the reconstitution of social infrastructure, hence the rule of game between the state, market and civil society. Although subscription of official print media is still mandatory for the non-private sectors, typical vertical communication between the state and its citizens is increasingly replaced by horizontal communication between equal citizens.

To some, the democratic progress in China may be viewed as dejectedly slow moving. The new government under Xi Jinping is seen to be recentralizing the state power, at least, in the near term. The heavy-weight crusade against corruption underway is aimed at restoring popular confidence in the Communist Party and state. While one cannot deny that corruption oiled the wheel of bureaucracy ushering in the stunning economic growth at particular moments, it is ironically an organic product of excessive state power in the allocation of economic resources without sufficient counterbalance by a civil society complemented by free media. We in the same time see that the new government is committed to a more transparent and cleaner political environment for all constituencies, while the market is allowed to play a decisive role with deepened reform and steadfast move toward regional and global integration. Bolder steps for social reform along the track of deregulation are needed, but reckless elimination of a long established, half-functioning system may turn out to be more preposterous and costly. As Chinese Premier Li Keqiang exhorted at the World Economic Forum in Davos, January 2015, “As we understand, to be a good skier, one needs to do three things: go at the right speed, keep balance and be courageous.” This does not only hold true for Chinese economy, but even truer for its social management considering the immense challenges that beset it.

China's revivification has been substantially attributable to the steadfast drive of infrastructure development. Under the popular slogan of "if you want to get rich, you have to first extend your reach" painted on wall of every village in big characters, a whole latticework of infrastructure – transportation, communication and energy provision - is in place to connect and facilitate the mobility of all economic resources.² 200 years B.C. saw the Roman Empire paved 55,000 miles (89,000 km) of roads and aqueducts in Europe², while the first emperor of the unified China was preoccupied with building the Great Wall. The first railway built by British merchants in 1876 at the Yangtze River mouth in Shanghai was expropriated and torn down the following year by the last emperor for fear of facilitating western colonization and disruption of local employment. In the 19th and 20th centuries, Russia and the United States established their own imprint, skewering and taming nearby territories with projects like the Trans-Siberian and the Trans-Continental railways.³ Now it is the turn for China to shape itself as what great nations have done, extending its successful experience under the flamboyant One-Belt and One-Road initiative to the neighborhood countries with expertise, workforce, finance and building materials. The impact is not confined in the improvement of material wellbeing, but rather more profoundly in social transformation when people are better connected and wired. February 2016 ushered in a new guidance of urban planning from the State Council to tear down walls segregate neighborhood in all Chinese cities to facilitate passage and transparency. This is beginning to create a strong shockwave to the deep rooted ideological stereotype among the Chinese people who are disposed to a walled living environment.

What is the conformation that Chinese society shall adopt? With revivified march headlong to market economy and dedication to global

²<http://qz.com/415649/china-is-building-the-most-extensive-global-commercial-military-empire-in-history/>

³Ditto, footnote 1.

inclusiveness, with younger generations tantalized with western life-style, will China replicate or succumb to western model of polity and democracy – a propensity vigilantly eschewed by virtually all generations of Chinese rulers? Alternatively, in an era of confusion and transformation when strong leadership is fervently desired, will China retread onto the traction of enlightened despotism apparently nurtured by its historical tradition and wrought by the Bolshevik legacy? Former Singaporean Prime Minister Lee Kuan Yew commented, “It is China’s intention to become the greatest power in the world - and to be accepted as China, not as an honorary member of the west.”⁴ As a matter of fact, a new paradigm may emerge when China continues to strengthen its economic might and concomitantly gird up its loins for leadership in shaping a new world order albeit with rough edges. This may obliquely explain the awakened sense of destiny reposed in the vernacular China Dream, something comparable to heydays in Chinese history.

History is paved and shaped with vicissitudes. It ebbs and flows neither in linear nor in cyclical pattern, but rather in a spiral. For every empire, state or organization of human society, its rise may be sparked by gladiatorial leadership under special circumstances, but its sustainability shall, in its ultimate, rely on a common bond reanimated by collective conscience and shared willpower which is bolstered in no small way by the civil society.

⁴ Graham Allison Robert, D. Blackwill, Singapore's eminence grise sees China rising and India falling. *The National Interest*, March 1, 2013, <http://nationalinterest.org/commentary/lee-kuan-yew-grand-master-asia-8169>

THEORETICAL BACKGROUND ON CIVIL SOCIETY

Along the entire human history, philosophers have been delved into the spectacle of defining various relationships spinning around the axis of humanity. A key stream of research and debate is social dynamism, i.e. how human beings relate to each other –the formation, organization and evolution of society under different circumstances and at different stages - based on a whole, and often, conflicting array of interpretations over human nature.

1.1 Conception and Definition

Civil society is a concept related to Western history and political philosophy (Kaldor, 1999). In modern philosophy it emerged along with the rise of capitalism and liberal thought (Pietrzyk & Curie). Aristotle is generally accredited as the inventor of this specific term (*koinōnía politikḗ*) in his *Politics* referring to city-state (*polis*) where free citizens lived equally under a set of shared norms and ethos. By John Locke (2nd Treatise, 1690), the 17th-century philosopher and founder of liberalism, a lawful state is legitimized by a civil society vis-à-vis tyrannical rules because "all mankind...being all equal and independent, no one ought to harm another in his life, health, liberty, or possessions". State is the result of human progress stepping away from the hazardous state of nature by collectively engaging in a social compact under which the

state is elected to provide protective services to its citizens. Securing social order through the formation of any government invariably requires the direct consent of those who are to be governed. This means that any civil government depends on the consent of those who are governed, which may be withdrawn at any time.

John Stuart Mill (1806 - 1873) regarded the issue of civil liberty as a vital question of the future because it marks the stage of progress into which the more civilized portions mankind has entered, it presents itself under new conditions, and requires a different and more fundamental treatment. In his *On Liberty*, he investigated the nature and limits of the power which can be legitimately exercised by society over the individual. He expatiated that “the struggle between Liberty and Authority is the most conspicuous feature in the early history of social governance” (I.2) – a contest between subjects and rulers. The rulers who derived their authority from inheritance or conquest were conceived as in a necessarily antagonistic position to the people they ruled. Their power was regarded as necessary, but also as highly dangerous. The essence of liberty meant by Mill is the protection against the tyranny of political rulers. In his words, “to prevent the weaker members of the community from being preyed upon by innumerable vultures, it was needful that there should be an animal of prey stronger than the rest, commissioned to keep them down.” (ibid.) He acknowledged the fact that benevolence or enfranchisement of the ruler is neither predictable nor reliable. “As the king of the vultures would be no less bent upon preying on the flock than any of the minor harpies, it was indispensable to be in a perpetual attitude of defense against his beak and claws.” (ibid.) He proposed two ways to defend liberty by limiting the power of the ruler. One approach was to emphasize on the duty to care on the part of the ruler: to delineate the political rights of the subjects on which infringement was to be regarded a breach of duty in the ruler, which shall subsequently lead to “justification of specific resistance, or general rebellion.” The second

approach was to focus on the right of public will: government by democracy or republic - to establish constitutional checks, by which the consent of the community, or a body of its representatives, was to be obtained over important decisions of the governing power. Mill was by no means an anarchist. He also forewarned that “the tyranny of the majority is among the evils which society is required to stand on its guard” (I.4). Because it can be more formidable than many kinds of political oppression, though not usually upheld by such extreme penalty, it leaves fewer means of escape, penetrating much more deeply into the details of life, and enslaving the soul itself. Therefore, protection against the imposition of collective opinion and practice onto dissidents, or the prevention of individuality in disharmony with popular feelings, is indispensable to a good condition of human affairs, which is equally necessary as protection against political despotism. “The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others.” (I.9). He ventured beyond the operation of law in search for a fitting adjustment between social control and individual independence. He highlighted the magical influence of custom as second human nature which occupies the high ground of people’s mind. Such moral sentiment is expressed via natural reflection in social attitude and group behaviour—sympathy or antipathy, liking or dislike, preference or indifference—which overrides the power of reason from which law is supposed to emanate.

Georg Wilhelm Friedrich Hegel (1770–1831), in his *Philosophy of Right* (Part III.2: The Civil Society, The Ethical Life) delineated two stages in the dialectical development of civil society from the family to the state. He went further to identify civil society as the [stage of] difference which intervenes between the family and the state. It is a unity of partnership vis-à-vis a unity of different persons represented by the state. While each member in a civil society is his own end (particularity), one cannot attain the whole compass of his ends without engaging others as

the means to the ends (universality). Since particularity is inevitably conditioned by universality, the whole sphere of civil society is the territory of mediation, which is the only standard whereby each particular member promotes his welfare in an interwoven world of connectedness and interdependence. Through the discussion over the economic, social and legal institutions of the modern, industrial and ethical state, Hegel argued for the presupposition of a political state: civil society on its own is unstable unless ordered and guided by the state; so the expansion of civil society needs to be matched by the expansion of political institutions that counter civil society's shortcomings and make its globalization justifiable. In discord with Plato who wished to exclude particularity from his state, Hegel took into consideration of the measureless human want and destitution, and thereof attempted to find a harmonized, or rather compromised, path to the infinite right of the Idea to allow freedom to the particular. He also noticed the growth of inter-state relations. As states recognize, interact with, and develop norms of common behavior with other states, they move beyond the (Hobbesian) sovereign's arbitrary will and (sometimes haltingly, and without attaining Kant's cosmopolitan ideals) towards international co-operation (Stillman, 2012).

Marxism elaborated on the relationship between economic base and superstructure of the society, and proposed the union of the working class (aka the Proletariat) against the ruling class (aka the Bourgeoisie, a small number of private owners) in order to eliminate exploitation (surplus value in the form of profit). As such contradiction intensifies within capitalism, social unrest or revolution arises that eventually gives way to socialism – a brand new socioeconomic system that embraces cooperative ownership of all means of production and fair distribution based on each one's contribution. It hypothesized the ultimate goal of social development – communism – a humane cosmopolitanism free from class and state that operates on the principle of "From each according to his

ability, to each according to his needs". Marxism enjoyed ideological predominance in those former and existing socialist countries although their interpretation and application varied to a large extent. China as of today continues to maintain socialistic system under the rubric of Marxism which is set forth in its national constitution as one of the four cardinal principles. Nevertheless, the 3rd plenum of the 11th Chinese Communist Party (CPC) Committee in 1978 decided to put an end to class struggle and shifted focus on the development of productive forces. Politically, this change is taken as replenishment and advancement of Marxism instead of revision or recantation.

Ideological basis of civil society was identified by Tabbush within the paradigms of neo-liberalism and neo-Gramscianism (Shang Xiaoyuan, 2008) which lends a profound influence on the conceptual framework of modern civil society. These are found most related to the situation in China as an emerging market-driven economy with Chinese characteristics. By neo-liberal approach, human society is composed of three forces: state, market and civil society. While the state is primarily responsible for maintaining social order and justice with sovereign power, the market is the strongest force for economic productivity and efficiency; the civil social is best catered to the provision of societal amenity (Exhibit I-1). Civil society is a group of people who voluntarily gather together as opposed to those commanded by the State. Civil society is seen as the most fundamental fabrics in a social institutional setting. A relatively open market, private enterprise and liberalized trade are there to maximize the role of the private sector in the formation and evolution of public policy and polio-eco priorities. The civil society theory from the perspective of rational choice stresses that diversity contributes to the development of a democratic system, rendering a more transparent and efficient regime as its dominance is obscured. Under such a construct, civil society assumes the task of catering to the public needs and

integrating various interest groups into the political arena (Hai Cheng, Zhou Hongyun, 2000).

In comparison with neo-liberalism, neo-Gramscianism (or post-Marxism) found its space between economic foundation and superstructure as described by Karl Marx, in which civil society is closely interwoven with the State (Wang Tiejun, 2000). By this theorem, civil society is characterized as a separate field in which groups of various interests and notions engage in competition within the permit of law. It boils down to a distinctive sector of social relationship functioning on a whole set of different rules (Shang Xiaoyuan, 2008).

A civil society can be defined along two dimensions. The first is sector proposition where majors groups of players in a society is classified into public, private and voluntary sectors:

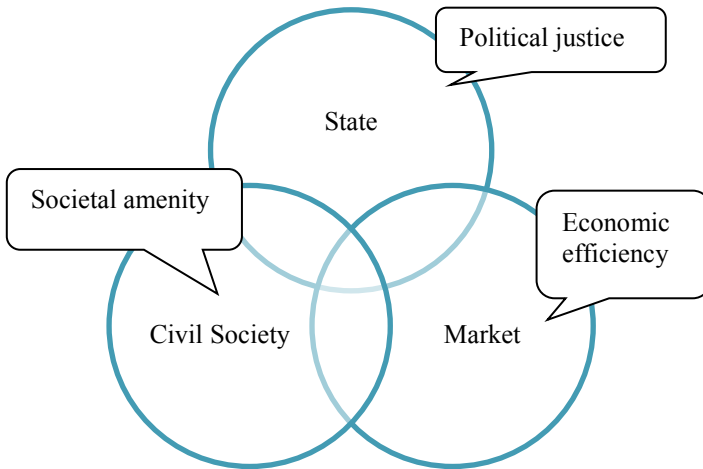


Exhibit I-1: 3 Forces of Human Society by Neo-liberalism

While the state seeks to bring benefits to the general public based on its political power, businesses, i.e. market players, go for profit for their investors relying on the market rules of competition. Civil society, on the other hand, exists and functions between the state and the market, or

between private sector and the state administrative sector. Within this sector, civil society is formed on the shared interest of its participants and is expressed as a series of social interactions or social relations relying on the principle of free association (Table I-1):

Table I-1: Different Players in a Society: A Sectarian Approach

Sector	Actor	Driver	Objective
Public Sector	State	Political Power	Social Benefit
Private Sector	Companies	Market Force	Profit
Voluntary Sector	NGOs	Free Association	Shared Interest

The other is association proposition, emphasizing on the point that civil society is a series of non-governmental organizations, by which citizens freely associate, enjoy autonomy, express and safeguard their values and interests (White, Howell & Shang, 1996). As manifested by the United Nations Global Compact: civil society organizations—also known as non-governmental organizations (NGOs)—are critical actors in the advancement of universal values around human rights, the environment, labor standards and anti-corruption. As global market integration has advanced, their role has gained particular importance in aligning economic activities with social and environmental priorities.⁵

UNDP takes a broad view relying on the concept of Civil Society Organizations (CSOs) of which non-governmental organizations (NGOs) are an important part, and recognizes that in practice civil society is an arena of both collaboration and contention. It defines civil society as a third sector existing alongside and interacting with the state and private industry (A Guide to Civil Society Organizations working on Democratic Governance, 1993). Cognizant of the fact that they are playing an increasingly influential role in setting and implementing devel-

⁵http://www.unglobalcompact.org/participantsandstakeholders/civil_society.htm
1

opment agendas across the globe, and many CSOs have been in the forefront of advocating principles of social justice and equity, UNDP also points out that there are also organizations with agendas and values—such as intolerance and exclusion—that do not correspond to those of the United Nations.

Robert Putnam and his colleagues (1993) summarized the characteristics of what they termed as civil community based on their research in Italy: 1) Civic engagement, 2) Political equality, 3) Solidarity, trust and tolerance; and 4) a strong associational life. They argued that “a society of many virtuous but isolated individuals is not necessarily rich in social capital”, whereas interaction through civil community fosters commitment among people and knit the social fabric. “A sense of belonging and the concrete experience of social networks can bring great benefits to people.” A civil community equipped with such characteristics would be able to maximize the utilization of social capital and transform it into productivity.

The Centre for Civil Society (CCS) London School of Economics defines civil society as the arena of non-coerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organizations such as registered charities, development non-governmental organizations, community groups, women's organizations, faith-based organizations, professional associations, trades unions, self-help groups, social movements, business associations, coalitions and advocacy groups.⁶

⁶http://www.centroedelstein.org.br/PDF/Report/ccs_london.htm

Currently, the term civil society is closely associated with the collapse of communism in Eastern Europe. During the 1980s it came to have a very specific meaning, referring to the existence of self-organized groups or institutions capable of preserving an autonomous public sphere, which could guarantee individual liberty and check abuses of the state.⁷ It is politically understood as an independent sphere which is apposed of military or communistic dictatorship, authoritarianism or even patriarch. Such a broader concept is adopted by the World Bank which interacts with thousands of Civil Society Organizations (CSOs) throughout the world at global, regional, and country levels. These CSOs include NGOs, trade unions, faith-based organizations (FBOs), indigenous peoples' movements, foundations and many others.⁸ Thereby, it defines civil society to "refer to a wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations". The International Monetary Fund (IMF) follows basically the same line but with better conceptual clarity: For IMF purposes, civil society is composed of voluntary associations of citizens seeking to shape governance structures and policies. Civil society actors, therefore, include business forums, faith-based associations, labor movements, local community groups, nongovernmental organizations, philanthropic foundations, and think tanks, among others. Usually excluded are the branches of government (government agencies and legislators) as well as individual businesses, political parties, and the media.⁹

⁷See Dorota I Pietrzyk, *Civil Society – Conceptual History from Hobbes to Marx Marie Curie Working Papers – No 1* (2001)

⁸<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20127718~menuPK:288622~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

⁹<http://www.imf.org/external/np/exr/cs/news/2013/CSO263.htm>

1.2 Current Chinese Perspective

Yu Keping (2006) referred civil society to all social synthesis beyond the arena of state and industrial systems, or rather a public sector beyond political and market sectors. Since they consist of social groups that belong neither to government (first sector) nor to economic enterprises (second sector), they are inferred as the third sector. Specifically, civil society include all sorts of interest groups, business associations, philanthropic organizations, residential communities, civil rights organizations, mutual-aid cooperatives that are voluntarily associated both in urban and rural areas. CSOs distinguish themselves from other types of organizations on the strength of five special principles – equality, voluntary participation, tolerance, trust and mutual benefits (Li Yongjie, 2008). These principles can trace their roots in Yu Keping’ summarization (2006) for the unique features of CSOs: 1) non-government, 2) non-profit, 3) voluntary participation, 4) non-party and non-religion.

Wang Ming, professor at Tsinghua University, holds that the concept of civil society evolved all along human cognitive history representing the torch for human thought and social progress. From the debate of ancient Greece and legal civility of Rome, to medieval city life, through reformation of religions and English Bourgeois Revolution, it has also witnessed the waves of privatization in the late 20th century, and ushered in the new age of protest by Flower Revolution and Street Revolution in the new century.¹⁰ From its onset, civil society has demonstrated a strong political pursuit, and especially, it served as a powerful weapon for the rising bourgeoisie to defeat serfdom and feudalism. The debate over its concept and function has gradually gained clarity and maturity. Its scope has expanded from the polis to city and then to the entire society, and its connotation has extended from privities to market economy and public domain. Wang specifically negates politicization of this con-

¹⁰Wang Ming, People’s Forum, Oct. 14, 2013

cept and claims that it contains neither political disposition nor ideological property. His statement is however paradoxically political per se to comprise with the mainstream political positioning. He regards civil society as a social phenomenon or societal existence inclusive of 3 dimensions: social organizations, social value and social field. In modern sense, it rests upon 4 foundations: a nation ruled by law, political democracy, limited government and market economy. In China, reform in social management system is heavily reliant on the reform of the CPC and the government who will have to retreat from excessive intervention into social life. The direction for such reform shall be composite of CPC leadership, government responsibility, societal coordination and public participation. First, CPC as a ruling political party has to realize fundamental change in its role from a party representing the interest of a singular proletarian class to the interest of all nationals, thus from the task of leading class struggle to the construction of a harmonious society. And then, its relationship with the government should be clearly defined so that ideological control can be separated from public administration. Second, local governments should be given more freedom initiating public participation through communal activities. Third, social stewardship ought to be enhanced among all governments under the rule of law. The intrinsic value of civil society is different to people's society. The aim for the reform is to create "smaller government and larger society". Critics points to the acerbating wealth polarization and environmental degradation as a result of libertarian policy. However, this is no argument for the maintenance of government control. Just for this very reason, the role of civil society shall be brought into more active play under the rule of law.

1.3 Chinese Philosophies and Cultural Traditions

*Honor the aged of other family as we honor our own;
Care for the children of other family as we care for our own.*

– Mencius (372-289 B.C.)

Chinese traditional culture is characterized by the confluence of Confucianism, Taoism and Buddhism with the former two being indigenous. The other two noticeable ones are Christianity and Muslim which gained a fair share in later stages of Chinese history.

Confucianism is more regarded as a philosophy than religion. More precisely, it is largely a school of worldly philosophy showing no interest in the origination and destiny of life. However, it has persistently served as the intrinsic value deeply wedded to the mainstream Chinese society. Social extraversion has been an important advocacy by Confucius. Cultivation of internal value is the means to enhance one's capacity for external achievement – *inner holiness and exterior kingship*. Based on this doctrine, two paradoxical streams of educated people emerge.

One stream aims to climb the ladder of officialdom following his teaching – *he who excels in learning shall induct to officialdom*. Such proposition was institutionalized by the national examination system which persisted 1,300 years since its introduction in 605 during the Sui Dynasty (581-618 A.D.). Those scholars who succeeded in the examination automatically earned a glorified license to official positions in the kingship as part of the ruling class. The laterality among the educated class toward state power poses strenuous hindrance to the development of civil society, because the vast majority left behind was virtually ignorant farmers.

The other stream aims at scholarly life and remains expressive in their views, emotions, grieves and ideals although many of them have experienced rounds of purges or demotions along their political careers.

Although renowned for his golden-rule proposition as “*don’t do those as you won’t be done by*”, Confucius drew a clear distinction between the gentry class and the petty class in the society. When the former is motivated by righteousness, the latter is driven by profit or material benefit. Such distinction offered legitimacy to social gradations. While he emphasized on the importance of maintaining a relational community, equal if not more importance is attached to social hierarchy with clearly defined attitude and role for each one to fulfill under the doctrine of benevolence (*ren*) and rituals (*li*) (Table I-2). Nonetheless, Confucius gradation bears little resemblance to the social segregation practiced during his time either in ancient Greek, which stratified aristocracy, freemen and slaves, or to the caste system in India, which sets in social status by birth. Instead, he left ample room for everyone to thrive and transcend with dignity. By the Confucius school, particularly manifested by Mencius, now that everyone is born with good nature, everyone is imparted the chance to thrive to be a saint so long as he is nurtured under the right human environment and dedicates to constant self-cultivation. In addition, as depicted in Table I-2 below, Confucius stressed on reciprocal relationship instead of unilateral obligation, the connotation of which is that an orderly society is not only relying on defined roles of everybody, but also on the mutual tender of kindness by the fulfillment of everyone’s moral duty.

Table I-2: 5 Relations and 10 Reciprocal Attitudes under Confucianism

RULER	Benevolence	SUBJECT
	Loyalty	
FATHER	Righteousness	SON
	Filial piety	
HUSBAND	Love	WIFE
	Obedience	
Elder BROTHER	Gentility	Younger BROTHER
	Humility	
SENIOR	Considerateness	JUNIOR
	Deference	

Unfortunately, Confucianism was alienated since the Han dynasty which was successively reinforced by generations of the royal intelligentsia. While all other schools of thought were purged, Confucianism was artificially elevated to hegemony as the cardinal value of the Chinese society, and unconditional subjugation and subordination was imposed on the ruled, and the ruler's free will was moralized and legitimized.

Filial piety is the core value proposed, and it has been transmuted and wrested under main estuaries of Confucianism. This proposition has been dementedly favored by all generations of rulers because it serves two advantages to the regime. For one, piety to parent shall lead to fealty to the ruler. As proclaimed by Confucius, he never saw a filial person to his parents became recalcitrant against the ruler. By enforcement on the filial piety by which children obey and support the elderly, government finds great relief in providing social welfare to the seniors.

Confucius neither believed in the rule of law nor advocated seclusion from earthly affairs, but rather relied on the sequential cultivation of one's moral capacity from self-discipline all the way towards engagement in contributing to world pacification (see Exhibit I-2):

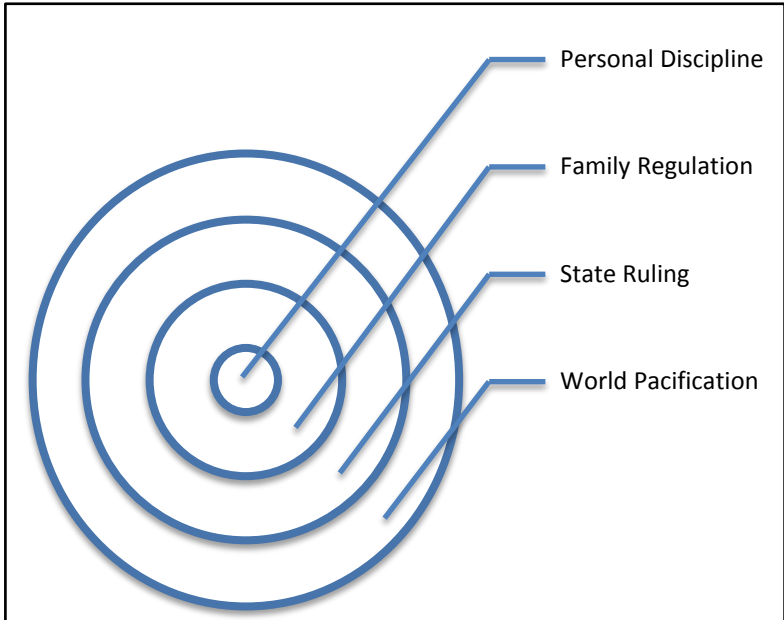


Exhibit I-2: Confucius Roadmap for Moral Development

He called on his 3,000 protégés to actively seek positions within various states and advise the kings in political and moral construction. To him, the starting point is to instigate the sense of shame in the mind of each individual, with which an all-time self-policing mechanism can be installed for one's behavior. Constant introspection on one's moral thinking and behavior is demanded, but that is no pair to the penances practiced in other religions. On the contrary, he denounced harsh rules of law because they would likely encroach upon the sense of shame, and encourage a hide-n-seek game between rulers and people, which was not a cost-effective way of maintaining social order.

It is worth noting that Confucius pyramidal moral cultivation left a crucial gap, which is organization. Inadequate professional dedication to one's organization turns out to be a major disruption to an orderly Chinese society. Another interesting Confucius proposition that directly weighs on a civil society is that a genteel person will get along but refrain from close association with others.

Taoism proposes natural dialectics with the world operating on two interdependent and countervailing polar forces as *yin* and *yang*.

While this theorem could be apparently applied to the relationship between the state and the civil society, Taoist was infatuated with the notion of inactivity (*wuwei*), both for the kings and commoners. Its belief rests in ideological relativism where extremes eventually meet; all excessive pursuit would end in futility, and compulsion in shame.



Exhibit I-3: Logo of Taoism

The best style of life is self-conservation by lying low like water in repose and serenity. It shows stoical indifference to earthly pleasures such as material joy or political power. This propensity led to a *laissez faire* state on one side, but ironically inertia and ignorance of the people on the other. For Taoist proper, simplicity is beauty. In contrast with the straightforward teachings of Confucianism, Taoism is highly metaphysical, elusive and ambivalent, embracing a medley of philosophy, science (albeit often pseudo) and religion with mystical implications. Lao Tse with his philosophical work titled *Tao Te Ching* is ascribed to as the patriarch of Taoism albeit that was not his intention. The Chinese Taoist Association was officially ratified as one of the five religious organizations in 1957 by the State Council. Lao Tse's writings are so contracted in style and obscure in meaning with enormous metaphors and riddles, that vast realm is left for open and free

interpretation. That explains the diffuse practices of Taoist religion with vast array of tributaries.

“Misfortune may be a blessing in disguise.”

--- Lao Tse, Chapt. 58

Confucianism and Taoism, juxtaposed as indigenous Chinese thoughts, have shared roots in ancient Chinese culture and value universe, such as common traits inherited from the Law of Change (*I Ching*). They all profess the ultimate value of Great Harmony (*Datong*) rather than struggle for truth, justice or profit. They are not interested to inquire the cycle of life, but absorbed in the present life. Neither of the two most influential indigenous religions or philosophies helped cultivate the soil for a civil society in China. While ancient Greek philosophers sought external knowledge, Judaism focused on righteousness, it is interesting to note that all oriental philosophies were concerned with internal development. Buddhism preached peace of self-forgetfulness, Taoism embraced reticence to activity, Confucianism emphasized on self-discipline.

Another distinctive school of philosophy and religion that prospered during the same period of Confucianism was Mohism. On the end of personal development, it emphasized austerity and authenticity rather than observance of meticulous rituals; it renounced both material and spiritual extravagance. On the social end, it believed in universal fraternity as opposed of Confucius social strata, and held that people were capable of changing their circumstances and directing their own lives. On the political end, it was committed to pacifism among states and pragmatism in governance. Its organization was structured with stringent rules and disciplines, wherein all earnings were to be surrendered to the organization. The leader (*juzi*), followed by a retinue of talented farmers, did seek consecration, but rather served as real life example of enterprise

and discipline. Unlike Confucianism that considered manual labor and practical skill as a dishonor, Mohism valued industry and science, thus was accountable for epistemology as well as algebra, physics, and mechanical engineering.

In retrospect, Mohism would have been best suited to the development of a civil society in China. Unfortunately, it faded into obscurity since the early years of the Han Dynasty (206 B.C. – 220 A.D.) when the emperor chose to officially enshrine Confucianism as the sole orthodox in a unified empire.



*Exhibit I-4: Mozi,
Founder of Mohism*

Nothing unites but a common enemy. Along Chinese history, the central kingdom was rankled by repeated intrusions and invasions by the Mongols along its northern border until complete subjugation in the Yuan and Qing Dynasty. The defense against foreign invaders not only led to the spectacular works of Great Wall, but also dredged up patriotism and nationalism among scholars and inspired commoners. The ensuing uprisings against foreign conquerors germinated underground rebellious associations. Such pattern of a civil society was reanimated after the Opium War since 1840s against western conquerors and rotten Chinese empire in the semi-colonial period, exemplified by the Taiping Rebellion (1851-1864) and Boxers Uprising (1898-1901) until the birth and seizure of political power by the CCP (1921 -).

Hu Shih (1891-1962) is considered a leading advocate of liberalism within the context of New Culture Movement. To him, liberty is not about intravenous enlightenment via seclusion as dogmatized by Buddhism among many other religious practices as well as the Chinese indigenous philosophical thought by Zhuang-zi (369-286 B/C.), an influential school of Daoism. Liberalism rests in the right of individuals

free from external oppression or incarceration, which encompasses four dimensions: 1) freedom, 2) democracy, 3) tolerance, and 4) peaceful and incremental reformation.¹¹ Such freedom is neither natured nor bestowed by any God, but rather strenuously fought for by an advanced nation. He further pointed out that the lethal defect in the Oriental libertarian movements is almost without exception explained by their obscurity in political freedom, which in turn skewed across the track toward political democracy that institutionally warrants basic civil rights. Representative democracy invented by the British, statutory constitution by the American, and anonymous voting by the Australian, are all great contributions to a modern democratic institution. Insomuch as a unified and centralized empire with a unique examination system for the selection of officials, China perpetually failed the occasion to establish a political system restraining the power of the emperors. Tolerance of the minority as well as opposing parties is another merit of liberalism, which in turn set the foundation for political and social reformation in a peaceful manner; the existence of minority voice and opposing parties permit people the opportunity to criticize and choose their government, and the government also earns the chance to be constantly reminded of its derailing conduct, and in the worst cases, peaceful transition of political power.

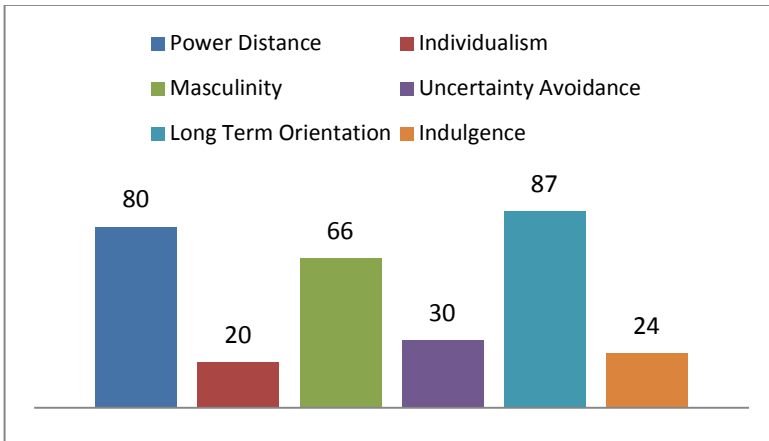
1.4 Chinese Society by Hofstede 6-D Model

Amidst the six dimensions that measure a national culture developed by Geert Hofstede, China ranked the highest for long-term orientation (LTO), which exemplifies a national character in search for virtue regardless of truth. The fact that China scored substantially low on individualism can be explained by its perennially strong political ruling

¹¹Hu Shih, *On Liberalism*, Chinese Language, China Changan Press, 2011, P5

facilitated by the collectivized culture. Based on his 6-D Model, he summarized the deep drivers of Chinese culture as follows (Exhibit I-4):

Exhibit I-4: Drivers of Chinese Culture by Hofstede 6-D Model©



(Source: <http://geert-hofstede.com/china.html>)

Power distance measures a culture’s acceptance and expectation toward unequal distribution of power. At 80 China sits in the higher rankings, i.e. a society that believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors. Individuals are influenced by formal authority and sanctions and are in general optimistic about people’s capacity for leadership and initiative. People should not have aspirations beyond their rank.

Individualism measures the degree of interdependence a society maintains among its members. In an individualistic society, people are supposed to look after themselves and their direct family only. In a collectivistic society, people belong to ‘a community that takes care of them in exchange for loyalty. At a score of 20 China is a highly collectivist culture where people act in the interests of the group and not necessarily of themselves. In-group considerations affect hiring and promotions with closer in-groups (such as family) are getting preferential

treatment. Employee commitment to the organization (but not necessarily to the people in the organization) is low. Whereas relationships with colleagues are cooperative for in-groups they are cold or even hostile to out-groups. Personal relationships prevail over task and company.

Masculinity indicates how competitive a society is. At 66 China is a 'Masculine society driven by success rather than care for quality of life. It can be exemplified by the fact that many Chinese will sacrifice family and leisure priorities to work, and they save in order to go for sumptuous spending at occasions of wedding as well as housing and cars.

Uncertainty Avoidance denotes to the extent of a culture feels threatened by ambiguous or unknown situations and has created beliefs and institutions that try to avoid. At 30 China has a low score on Uncertainty Avoidance. Nonetheless, Chinese people are by no means fatalistic, but rather entrepreneurial and adaptable to unpredictable environment. The lackluster role of religion (officially atheism, and popularly paganism) helps to shape the Chinese attitude and behavior highly flexible and pragmatic, but at the risk of principle. Chinese language is also highly contextual, often mixed with equivocation and oxymoron susceptible to disarrayed interpretations.

Long Term Orientation describes how a society relates with its own past. A normative society, which scores lower on this dimension, prefers to maintain time-honored traditions and norms while viewing societal changes with suspicion and skepticism. China with noticeably high score (87) reveals the fact that it is a pragmatic culture in which people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, while maintaining thriftiness, and perseverance in achieving results.

Indulgence dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Societies such as China with a low score (24) in this dimension are con-

sidered restrained cultures which have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong.

1.5 Historical Ties with the West

Lasting exchange and mutual influence between different nations are not based on curiosity, but rather are derived from reciprocal satisfaction of their needs based on the theorem of nature endowments and skill specialization. Chinese modern society has been overlaid by western influence.

Exhibit I-4: Ancient Silk Road



China has enjoyed a longstanding relationship with Europe, both in trade and cultural interface. The significant exchange can be traced back

to the ancient Silk Road between Asia and Europe which flourished from the second century BC to the fifteen century AD. It was not only merchandise and technology in exchange along this trade route, but also the exchange of culture and values between the East and the West. In addition to Chinaware, silk and spice, the silk spinning technology and the four Chinese inventions (paper making, stereotype printing, gun-powder and compass) were all introduced in the west. In parallel, Confucianism and Taoism began to spread among intellectual circles in Europe. To China came not only grapes, walnuts, cucumber and medicinal materials, but western religions such as Zoroastrianism, Manichaeism and Christianity, which gradually rooted themselves, as well as Muslim from the Middle East and Central Asia.

The earliest known missionary entering China is thought to be that of the Syrian, Alopen in 635 AD who translated Old Testament into Chinese and established the Assyrian Church of the East in China. In 1294, John of Montecorvino was the first Roman Catholic missionary to enter China, making his way



Exhibit I-4: Celestial Armillary Sphere, a Gift from Matteo Ricci to Chinese Emperor

directly to the capital, Beijing, where he swiftly won the support of the new Mongol Emperor, Temur. Over the next thirty years he continued his mission with incredible success, establishing four Catholic Cathedrals and translating the New Testament into Chinese. The best remembered western missionaries in the mind of Chinese are Adam Schall von Bell and Matteo Ricci during Chinese Ming Dynasty (1368 – 1644 AD). In 1583, Matteo Ricci and Michele Ruggieri entered the ‘Middle Kingdom’ with the purpose of sharing Western knowledge of astronomy, mathematics and cartography. They were not only accredited for the

introduction of science and culture, but they were able to overcome the then closed-door policy and won the acceptance of Chinese emperors as well as appreciation within the circle of nobility in China. With his policy of accommodation, Ricci gave up the traditional missionary path, and pursued shared scientific advancement and inter-cultural understanding. After presenting the emperor Wanli the Celestial Armillar Sphere along with a chiming clock, Ricci developed a close friendship with the imperial court, and opened a door to introduce western technology to China. The “Celestial Armillary sphere” which today sits in the Beijing Ancient Observatory (Exhibit 2), is an instrument designed to watch the movements of celestial bodies. Chinese scientists since the Ming dynasty have sought to cooperate with European scientists such as Adam Schall von Bell and Ferdinand Verbiest. The motivation for these first cross-cultural exchanges was not monetary, but a mutual quest for a better knowledge in the sciences, to improve the accuracy of the calendar and the yields of harvests.

Another best remembered westerner was Marco Polo, a Venetian merchant who set foot in China in 1275. In Europe he managed to introduce the wonders of a mysterious China and thus inspired westerners’ interest in China.

In modern history, Chinese exchange students who studied in the West turned out to be the most dynamic change agents in Chinese society. In late 19th century, signal defeat in the two rounds of Opium Wars (1840-1842, 1856-1860) opened an inglorious chapter of semi-colonization in Chi-



Exhibit I-5: Dr. Sun Yat-sen— Leader of Chinese Democratic Revolution

nese modern history whence a slew of unequal treaties were imposed on China by western countries, and the country was sliced by foreign concessions. Such humiliation wakened the then indolent China and soon triggered a Westernization Movement (1861 – 1894). The last Qing Dynasty began to import western weapons and warships. The Beiyang navy school was established in 1880 followed by the Beiyang navy force in 1888. Cognizant of the technology gap behind the robust Europe, from 1877 to 1897, the Chinese government sent 4 groups of students to study in Europe. Beyond and even against the expectation of the Qing government, these students realized that drastic political reform needed be carried out in order to accommodate the technological knowledge and skills they brought back for a stronger China. As a result, the Scholarly Petition of 1895, which was analogous to the Great Charter Movement in the United Kingdom and the Reform Movement of 1898, broke out for the purpose of instituting western monarchy in imperial China. Although suppressed by those hardliners headed by Empress Dowager, this movement inspired the Chinese on western democracy. The ensuing Democratic Revolution, led by Dr. Sun Yat-sen in 1911, put to rest the 2 millenniums Chinese imperial history, kicking the last emperor out of the throne. As an exchange student from Honolulu University of the United States, Dr. Sun modeled the U.S. political proposition “of the people, for the people, by the people” and invented his three Principles of the People - Nationalism, Democracy and Livelihood— as the doctrine to fight for a new Republic China. His success was also largely accredited to the assistance by the group of students and scholars who returned from Japan. The United League of China (Tong Meng Hui) he set up in Japan in 1905 with the help of Black Dragon Society¹² was the first bourgeois civil organization aimed at overthrowing the Manchu regime

¹²A pan-Asian Japanese organization (こくりゅうかい, 1901-1945) initially aimed at anti-imperialism by expelling Russian occupation over Chinese Manchuria but later degenerated into an accessory of Japanese militarist conquest over China.

under the oath of “Expelling the Manchurians, Restoring China, Creating a republic government”. Financially he was primarily aided by overseas Chinese. Politically he merged a number of organizations into the Chinese Nationalist Party (Kuomintang - KMT) in 1919 which became the first bourgeois party behind the national government.

The second group of students studying overseas was an upshot of war repatriation and U.S. initiative. The defeated Chinese government was requested to compensate the loss caused by the Boxer’s Rebellion and military expenses for the allied troops from 8 western countries by the Peace Treaty of 1901 in the amount of 450 million *liang* (1 *liang*=50 grams) of white silver (equivalent to \$330 million). The United States decided to set aside nearly half of the amount (approximately 11 million *liang*) due to sponsor Chinese students to study in the U.S. This initiative led to the establishment of Tsinghua University, China National Library and China Foundation for the Promotion of Education and Culture, as well as the birth of a preeminent NGO - Western Returned Scholars Association (WRSA) - in 1913. United Kingdom, Japan and France followed suit to a lesser degree though. Inspired by this idea, between 1919 and 1920, 1,700 students without any sponsorship also set their feet on France on work-study programs. Great figures that changed Chinese society, Zhou En-lai and Deng Xiao-ping, to name a few, were among them. Those students brought from Europe Karl Marxism and the organizational knowledge of the First and Second International (1889 – 1916), those who studied in Russia in 1920s introduced the Soviet type of socialism in China and the Third Communist International (Comintern, 1919 – 1943) reinvented by Vladimir Lenin. At the grassroots level, they frenzied Chinese people to access the great literatures and arts in Europe.

In a span of 130 years (1947 – 1978) before the open-door policy, Chinese students who studied overseas was as few as 140,000.¹³ In stark contrast, this number experienced a dramatic rise by 22 times in a matter of 35 years (1978 - 2013) amounting to 3,058,6000 in total. Year 2013 witnessed 413,9000 students who left China for overseas studies and 353,500 who returned to China. It is interesting to note, although the absolute number of students leaving China continues to exceed the number of returnees¹⁴, the annual rate of growth for the number of returnees far exceeds those leaving China by a contrast of 3.58% versus 29.53%. It is equally noteworthy that the students financed by families take an overwhelming majority vis-à-vis those sponsored by the government and organizations (1960,000 vs. 3,843,000 in 2013). On the other hand, 356,499 students from 200 countries are studying in China in 2013.¹⁵ These students brought to China science, modern management, and more profoundly, a strong sense of openness to the outside world by accepting and following international norms in all facets of social life. For example, more than 80% of university presidents enjoy learning experience in western countries.

1.6 The Change of Property Ownership

The second catalyst is China's privatization process. The sense of ownership from property to society determines the level of concern and involvement of social affairs. A key feature of socialistic reformation after the founding of new China was nationalization and collectivization of economic resources, based on which mandatory planning was carried out across the country. As of today, individuals or households are still

¹³Xinhua News Agency, January, 3, 2009, <http://news.163.com/09/0103/11/4UNTEDNJ000120GU.html>;

¹⁴The number of returnees is 1,444,800 in aggregate from 1978 to 2013, accounting for 72.83% of the students who left China for overseas study.

¹⁵Xinhua News Agency, February 11, 2013, http://news.xinhuanet.com/edu/2014-02/21/c_119450251.htm.

deprived of land ownership as sanctioned by Article XX of PRC Constitution 1982 (amended in 2004):

- Land in the cities is owned by the State.
- Land in the rural and suburban areas is owned by collectives except for those portions which belong to the State as prescribed by law; house sites and privately farmed plots of cropland and hilly land are also owned by collectives.
- The State may, in the public interest and in accordance with law, expropriate or requisition land for its use and make compensation for the land expropriated or requisitioned.
- No organization or individual may appropriate, buy, sell or otherwise engage in the transfer of land by unlawful means. The right to the use of land may be transferred according to law.
- All organizations and individuals using land must ensure its rational use.

Over the past nearly 4 decades of reform (notwithstanding land ownership), from the introduction of the household responsibility system to urban reforms that included housing reform and enterprise reform; the essence of private property has stricken roots in the mindset of the Chinese. Along with private ownership come issues of market economy and civil rights – individualism, decision autonomy and rule of law – which help pave the foundation for a civil society.

The third catalyst behind China's social transformation is the country's accession to the World Trade Organization (WTO) in 2001. The 8 year effort of preparation and negotiation for membership within the most powerful multilateral trading system has turned out to be an important education process for the Chinese in international rules and norms. In honoring the commitment to WTO, besides a massive tariff reduction on the inflow of goods, the Chinese government lifted a ban (or at least lowered threshold for the entry on service industries from western countries, with media and education included) and more and

more foreign NGOs are settling in China in light of this open window. Assisted by the popularization of the internet, Chinese people are more exposed to western ideas and have begun to reflect on the Chinese reality in comparison. With the increased acceptance for Chinese people in the international community, not only we see more students choose to study overseas, business people travel more frequently overseas and an increase in international spending by Chinese tourists¹⁶, but also virtually all Chinese government officials from county level or above have obtained opportunities to visit abroad. With eyes opened, more officials begin to appreciate the positive functions of NGOs that is popular in the West. As a result, Chinese participation in international activities (politics, business, academia and media, etc.), either on individual or organizational basis, are being intensified.

1.7 Hong Kong as a Window to the World

While easier access to Hong Kong after its transfer to mainland China in 1997 has provided a convenient window of opportunity for the world, more and more Chinese have chosen to take advantage of the liberal policy in Hong Kong and register a shell NGOs there but maintain full operation in mainland China. NGOs play a unique role in strengthening ties across the Taiwan Strait in connection to the political sensitivity involved. Therefore, both governments from mainland China and the Taiwan regime prefer and encourage a less politicized interaction of NGOs in those sensitive fields for the purpose of ‘testing the water’.

¹⁶Chinese tourists overseas amounted to 97,300,000 in 2013 with spending by \$102 billion in 2012, exceeding that of US and Germany. China News Net, January 7, 2014, <http://www.chinanews.com/hr/2014/01-07/5704054.shtml>, and China Observer, http://www.guancha.cn/society/2014_04_13_221749.shtml

1.8 Investing Abroad and the Spread of Chinese Soft Power

The diminishing effect of rising trade protectionism by major trading partners, pressurized by surging demand for foreign resources and overburdened by the mounting excessive industrial capacity, ‘investing abroad’ has become a national priority for the government to support Chinese businesses to conduct direct overseas investment. As a national strategy, China is also engaged in building its soft power on the global stage. Consequently, billions of dollars have been allocated to promote Confucius institutes in every major country and China Central Television is doubling its workforce overseas. All these activities (although intended to boost Chinese presence and eminence overseas, foreign ideas and notions of social management mechanism) simultaneously disseminate in the mind of more Chinese people through more in-depth interaction and experience with the international community by living and working overseas. Ever since the Chinese government permitted the company of family to expatriates, particularly for those diplomats and government officials, family members are more likely engaged in the local social fabrics through participation in community work. Therefore, family influence should not go underestimated over the mindset and behavior of those Chinese expatriates.

CIVIL SOCIETY ORGANIZATIONS

2.1 Definition of NGOs

Definitions and criteria for the stratification of NGOs vastly vary given their complexity, diversity and pervasiveness in every facet of human society. No uniform standard is available (probably there should not be) to measure the scale and quality of these organizations. There is yet to be a consensus over the definition of NGOs in China, as compared with the western conceptual framework, except for a few broad strokes such as (1) non-profit, (2) non-governmental, and (3) voluntary participation. The presence of government sponsored and administered public service organizations (or government non-profit organizations - GNOs) further blur the understanding into what constitutes an NGO in a contemporary sense of civil society.

For the sake of simplicity and consistency, we opt for NGO as a popular basket concept to cover CSO, folk organization, civil organization, social organization, social service organization, people-run non-enterprise unit, welfare foundation and GNO; unless they have to be separately identified in a specific context.

2.2 NGOs in China

It is important to distinguish the property and typology of NGOs because their operations are subject to different regulations and policies. With regard to the situation in China, stratification can roughly be derived from three sources: 1) an official source, 2) a domestic academic source, and 3) a western academic source.

Chinese administrative agency - Ministry of Civil Affairs - classifies NGOs into three types:

1. Social organizations¹⁷. They represent non-profit social organizations voluntarily formed by Chinese citizens for the realization of the members' common will. They are also referred as folk organizations.
2. People-run non-enterprise units¹⁸. They are associations between enterprises, public service units and other social forces as well as social organizations established with non-state-owned assets by individual citizens for non-profit social services.
3. Welfare foundations. They are non-profit organizations committed to public welfare by making use of the assets donated by individuals or organizations. This category of foundations also includes foreign representative agencies in this field that are per-

¹⁷According to the Act on Registration and Administration of Social Organizations 1998, social organizations refer to non-profit social organizations voluntarily formed by Chinese citizens and conduct activities by its charter for the realization of the common will of its members. They include primarily associations, research societies, federations, foundations, fraternities, promotional groups and chambers of commerce.

¹⁸According to the Provisional Regulations for the Registration Administration of People-run non-Enterprise Units 1998, the people-run non-enterprise units refer to enterprise associations, public service units and other social forces as well as social organizations established with non-state-owned assets by individual citizens for non-profit social services. They include primarily schools, hospitals, charity houses, community service centers, vocational training centers, research institutes, as well as culture and sports facilities offered and run by citizens on non-profit basis.

mitted to operate in China.

For those NGOs that enjoy dominance in number and size, Ministry of Civil Affairs further categorizes them into four types:

1. Academic organizations. They are organizations that engage in research in the area of social and natural science, as well as other interdisciplinary subjects.
2. Industrial associations. They are organizations quintessentially formed along specific industries such as chambers of commerce in various business sectors.
3. Professional organizations. They include associations by people in various professional services, such as bar society or association of architects.
4. Federations. These are associations by people with common interests, such as trade unions or the Federation of the Handicapped.

One very important criterion is the source of funding correlated with the level of administration. There are government sponsored GNOs, cooperatives and people-run non-enterprise units (funds usually collected from individual membership). Their scope is defined in the business license issued by the government which covers a vast array of activities such as poverty relief, environmental protection and human rights. Organizationally, there are nation-level NGOs that retain a pyramid order of branches across the country, and there are grassroots groups comprised of no more than 50 people. It is also worth noting that many business enterprises enter into contract with GNOs for a fee with the purpose of renting a red cap of a legitimate NGO, but they operate to a large extent independently. This is a typical way to skirt the entry barriers imposed by the government. There are also enterprises that bluntly choose to function as NGOs without a proper license.

In terms of the structure of NGOs, they either operate on the basis of membership or non-membership. The interest pursuit of NGOs can be classified into public interest, community commonwealth and mutual aid. The School of Public Administration at Tsinghua University offers a distinction of NGOs in the sense of their scope. (see Table II-1)

Table II-1: The Scope of NGOs in China

<p>Broad sense</p>	<ol style="list-style-type: none"> 1. Membership based: community commonwealth and mutual aid 2. Non-membership based: supported by separate stream of funds or generate revenue through fee-based services 3. GNOs: Youth leagues, Women Federation, Trade Union Federation, Student Federation, non-ruling parties 4. Unofficial NGOs: entities registered as for-profit business, but operate as de facto NGOs
<p>Narrow sense</p>	<ol style="list-style-type: none"> 5. Membership based: mutual-aid groups(chambers of commerce, industrial associations, professional groups, alumni associations, country fellow organizations); community interest groups (career service centers, legal consuls) 6. Non-membership based: fee-based services (public service sectors such as schools, hospitals, nursing homes, R&D centers, museums, art galleries; fund-based operations (all kinds of foundations)

From a legal standpoint, all NGOs in China are required to register as a non-profit legal entity and seek approval with the corresponding

government agencies. Nonetheless, there has been increasing number of organizations or groups of people that function as NGOs in actuality without the required licenses. Thus far, they present themselves in three basic forms: (1) official organization, (2) grassroots organization, and (3) indistinct organization.

Officially sanctioned NGOs are formally approved by designated government agencies. Among them, one type is approved via the channel of Ministry of Civil Affairs and has obtained legal identity. They take three forms:

1. Social organizations approved in accordance with the Act on Registration and Administration of Social Organizations 1998;
2. People-run non-enterprise units approved in accordance with the Provisional Regulations for the Registration and Administration of People-run non-Enterprise Units 1998; and
3. Foundations approved in accordance with the Law on Welfare Foundation 1988.

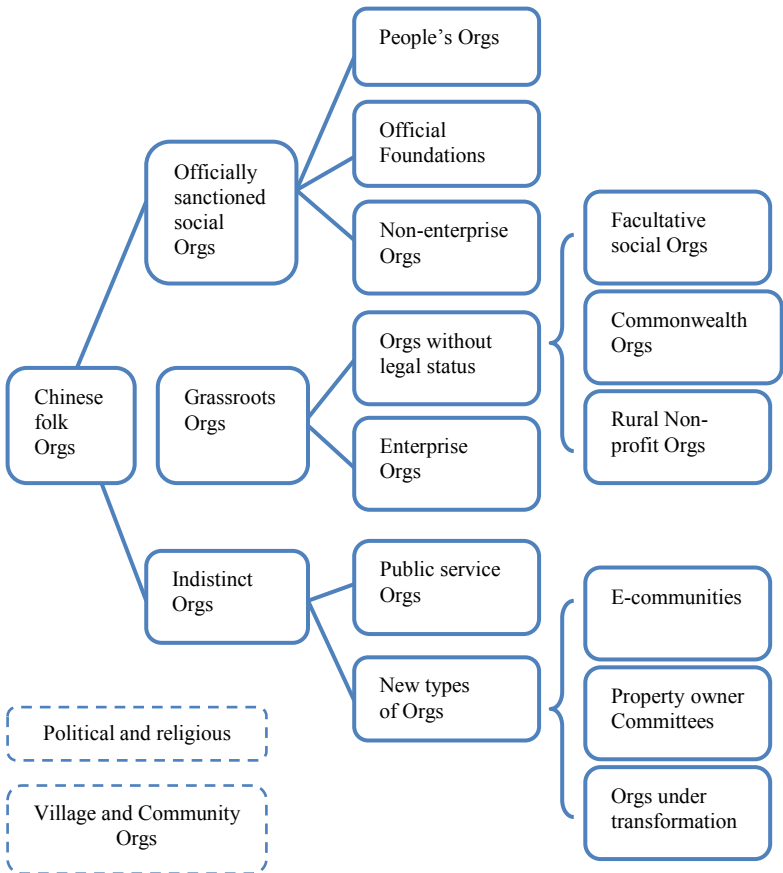
Another channel is the State Council that grants approval for people's organizations. These organizations, typified as GNOs, are largely politically conceptualized as part of democratic coalition front. Though funded by the central government they remain non-partisan in nature. Their officers are also stationed in the bureaucratic rank ordained by the government, a large number of whom are government officers seeking graceful retirement. These organizations include All-China Federation of Trade Union, Communist Youth League of China, All-China Women's Federation, All-China Federation of Industry and Commerce, All-China Federation of Taiwan Compatriots, All-China Federation of Returned Overseas Chinese, All-China Women's Federation, China Science and Technology Association. These organizations are members of the Chinese People's Political Consultative Conference (CPPCC) and are exempt from the administration of the Ministry of Civil Affairs. Besides

these eight giant organizations, people's organizations also encompass twenty-five other special organizations with king-sized charity foundations included, such as Society of Oceanography, Popular Science Society, National Council on Cultural and Art Work for Children, Chinese Olympic Committee, Chinese Pen Centre, China Association for Standardization, China Welfare Foundation for the Handicapped, Chinese Publishers Association, Chinese Taoist Association, Chinese Television Artists Association.

Grassroots folk organizations function as NGOs and some have built their own charter, but most of them are not officially registered and approved as legal entities. Their activities spread along a broad spectrum of personal interest, such as chess, birds, gardening, and post stamp collection. Due to the barrier imposed by the Ministry of Civil Affairs on the registration of NGOs, a number of de facto organizations choose to register themselves as business entities with the State Administration of Industry and Commerce (SAIC) in order to obtain a legal identity to operate in ambiguity. In addition, a number of business firms set up subordinates to independently or in alliance with similar functions of other firms in the form of clubs to engage in social activities without official registration. These facultative NGOs enjoy silent consent or tolerance from the government.

The last group of civil organizations remain indistinct with regard to their legal status. They are newly-developed social existents, such as residential property owners' committees and e-communities. Furthermore, the on-going institutional reform is producing a number of organizations whose status demands re-identification. For instance, certain government research institutes are in the process of being de-linked with governments at different levels.

Exhibit II-1: Typology of Chinese folk organizations¹⁹



¹⁹ Part in reference to Wang Ming, Liu Peifeng, General Study of Folk Organizations, Current Affairs Press, Beijing, 2004.16.

The Regulation over the Registration of Social Organizations sets forth the following basic requirements:

1. All Chinese citizens or legal persons are eligible to launch a social organization;
2. A specific supervisory organization over its business line must be identified;
3. Minimum 50 individuals or 30 organizations as initial members; members must have extensive representation in the field of operation;
4. Name, place, charter and governance;
5. Minimum RMB100'000 as operating expense.

In order to prevent government officials seeking graceful retirement taking unfair advantage of their position and influence, in 2014, the Ministry of Organizations issued a special notice to forbid retirees from government offices to take the lead in launching social organizations.

This report excludes quasi-political and religious organizations although they are part of the civil society. Village committees in the countryside and residential community committees in the cities are also important part of Chinese civil society at the grassroots level. However, they are also excluded from this report on the ground that they are more closely attached to the state power system.

2.3 Main Functions of NGOs in China

NGOs have been playing an increasingly important role in the promotion of public participation, social management and transparency of government decisions. Although they by definition constitute an opposing force to the state, the government and CCP gradually find it more complementary to their mission in maintaining a harmonious society.

Take NGOs in environmental protection for example. Only officially sanctioned NGOs in this sector have exceeded 2'000. Highly influential

NGOs include China Environmental Culture Promotion Association, China Biodiversity Conservation Fund, China Association of Environmental Protection Industry, local chapter of World Wide Fund for Nature, Greenpeace International, and Friends of Nature. Their efforts in popular education, green community, bio-diversity, river protection and food safety, have accelerated the attention and awareness among the Chinese people.²⁰ Particularly noticeable are their achievements in pushing for timely government decisions for environmental protection in the incidents of Tiger Leaping Gorge, Dujiangyan Dam, Songhua River pollution, Nujiang River Dam and plastic films over Yuanminyuan.

More and more citizens approach NGOs for expert consultation and transmission of their concerns to the government. More encouraging is that more governmental departments at various levels are learning to lean on NGOs to solicit public opinions in the decision making process. An interesting example is case mentioned in VII-3 that took place in Yunnan. Local government started to invite public participation in the reinvestigation process for the true cause resulting in the death of a suspect in custody.

The role of chambers of commerce has been on steady rise since China's accession to the World Trade Organization (WTO). The Wenzhou Lighters' Chamber of Commerce, Zhejiang Province, was the first one to stand out defending the interest of its member exporters in the anti-dumping charges launched by European Union. This was trumpeted at the first triumph which led to the withdrawal of such legal case after China's membership within WTO. It is credited for the successful effort in the ensuing 18 similar cases. It also worked with the government quality inspection center drafting standards for five kinds of new products. In 2004, 46 department stores in Shenzhen took action to the local Retail Business Association to launch a boycott against exuberant charges imposed by banks on credit cards. The collective action was

²⁰ Guo Yan, *Status and Construct of Chinese Civil Society*, 2007, P. 23.

echoed by retail businesses around the country. Bankers eventually were forced to concede on the reduction of credit charges through negotiation with the Retail Business Association.

HISTORY OF CHINESE CIVIL SOCIETY

The development of civil society in China can be viewed along three stages: (1) traditional society, (2) 30 years after the founding of PRC in 1949 and (3) 30 years after the open-door policy in 1978.

3.1 A Precocious Civilization

As one of the earliest settled civilizations blessed by fitful climate and fertile soil along the Yellow River and Yangtze River, the ancient Chinese people enjoyed highly developed agriculture, and since the unification by the Qin Dynasty (221 B.C.), life has continued in even tenor in spite of the incessant bickering with the barbaric nomads from the north. This nation reached its zenith for scores of centuries in science and economy as admired by many western observers such as the Italian merchant Marco Polo who spent 17 years in China since 1275. However, Joseph Needham (1900 - 1995) in his *Science and Civilisation in China* raised “the essential problem [is] why modern science had not developed in Chinese civilization (or Indian) but only in Europe.” An equally important question that followed was: “why, between the first century BC and the fifteenth century AD, Chinese civilization was much more efficient than occidental in applying human natural

knowledge to practical human needs?”²¹ With his collaborators, in his voluminous works, he identified the absence of capitalism as the major impediment to the development of modern science in China.²² As a result, China missed the industrial revolution that took place in the 18th century Europe. The Chinese bureaucratic system failed to integrate craftsmanship with the scholarly knowledge of mathematics and logic.

A remark displayed at the parlor of the China section in the Museum of Natural Science, New York attempted to explain from a cultural perspective: “Chinese people created lots of ‘mosts’ and ‘tops’, but they did not form a solid base for modern science. This is because they tend to believe in supernatural power.” (Exhibit I-2).



Exhibit III-1: Museum of Natural Science, New York

Justin Yifu Lin imputed the imperial examination system to the inadequate human capital investment. Because such system was obsessed with the subjects of classic literature and old fashioned politics indoctrinated by Confucianism, where mathematics and scientific experiment were excluded, creativity of scholars was nullified.

Notwithstanding various existing attempts to answer the “Needham Question”, the architect of Chinese superstructure presents a major obstruction to societal dynamism. For nearly two millennia since the first dynasty, traditional China had been ruled under despotism and autarchy. Social relationship was submissive to imperial power at the top and kindred patriarchic power at the bottom. Vast landmass with fertile soil

²¹Joseph Needham, *The Grand Titration* [Needham 1969], p. 190, cited under *Basic Works by Needham*

²²Joseph Needham and Huang, 'Summary Paper', 'The Nature of Chinese Society - A Technical Interpretation', (*Journal of Oriental Studies*, 1974 and 'East and West', 1974).

has spelled the resource curve on the formation of civil society. Being a nation that prospered on agricultural farming, where families were the basic form of production unit, industry and commerce had been harshly repressed. Where physiocracy was the ruling philosophy for political, economic and spiritual decisions, tradesmen were sanctioned at the bottom class since the beginning of Han Dynasty (202 BC – 220 AD). They were considered economically exploitive and socially disruptive, and thus were deprived of the rights of wearing silk, riding horses and participation in the imperial examination.²³ Trade in primary commodities, such as salt, iron and liquor was under the firm grip of the state, and at times, conducted through franchised monopoly. Lack of labor division, self-sufficiency on small plots of farmland by individual families enervated the need for social interaction, cooperation and therefore association. Science and technology were primarily confined in the Taoist experiments for recipe of immortality. Sporadic inventions were viewed as specious contrivance and skill incapable of commercialization without energized entrepreneurship and trade. When craftsmen were contained in small workshops and tradesmen operated locally (often undetached from farmland) ill aided by scale and finance, they could hardly afford formation and function of guilds or association for industrial rights, and equally trade unions rendered unnecessary for labor rights.

In contrast, the constant union and division in Western Europe fostered the notion of association from vigilance society to industrial guilds. As noted by the historian H.G. Wells, the reality of [European feudalism] was its voluntary cooperation - “a process of political crystallization in the confused and lawless sea in which the Western Empire had liquefied. These natural associations and alliances of protector and subordinates grew very rapidly into a sort of system, the *feudal system* ...” “From the side of the decaying empire that came to feudalism the

²³Jiang Jianping, et al., *History of Chinese Business and Economic Thoughts*, China Finance and Economics Press, 1990, P.121.

idea of the group for mutual protection of men and estates; from the Teutonic side came the notions of knightly association, devotion, and personal service.”²⁴

3.2 Libertarian Movements

Since the unification by the Qin Dynasty, Chinese society was considered super-stable for a large portion of its history, notwithstanding interruptions at intervals. During peace times, change of government is effected through succession amongst the dynastic family. However, China is by no means short of libertarian movements both in thoughts and actions along its history. Brutal oppression from the top was sooner or later heeled by violent opposition from the bottom. Nonetheless, once the throne changed hands, the first step by the new ruler was to purge his former comrades-in-arms, lest they challenge his authority. When new power is consolidated, oppressive rules begins to install. As such, a lamentable cycle – revolution, subversion and prosecution – followed through the entire Chinese feudal history, regardless severe punishments and harsh laws at different stages.

The Dazexiang Uprising (209 B.C.) registered the first farmers’ revolt against the first imperial Qin Dynasty (221-209 B.C.). The uprising that followed the heel of the Dazexiang Uprising was led by Liu Bang who became the founder of the Han Dynasty. His revolt was triggered by equal desperation: facing imminent death penalty for failure to arrive on time for labor service to the imperial construction projects. His peer leader Xiang Yu was motivated by the envy catching sight of the imperial procession of the Qin emperor. “A great man shall live a life like this!” he sighed. His army was eventually wiped out by Liu Bang fighting for the succeeding imperial throne. The Yellow Turbans Uprising (184 A.D.) at the end of the East Han Dynasty and the Taiping were

²⁴H.G. Wells, *The Outline of History*, Garden City Books, Vol.-II, P-507

a more organized insurrection. One extreme case was Hong Xiuquan who launched the Taiping Heavenly Revolution (1851-1872). Born in Guangdong, he was resolved to follow the popular path of learning, but three times he failed in the national examination. Unlike other failed scholars, he began to spread his falsified version of Christian religion under the influence of father I. J. Roberts even though he was refused baptism. With thousands of followers, he started uprising in the most uncontrolled area of Guangxi.

Coupled with Confucius doctrine of “genteel remain unpartisan”, little space was available for the development of a civil society in which NGOs found their role.

Craftsmen associations emerged at the end of the 6th century although they were not formally ratified until 1918 when the Rules on Industrial and Trade Guild was promulgated. Following the Opium War in the early 1840s, the flood of foreign goods and industrial machineries began to dissolve Chinese traditional society. Foreign priests resumed their religious activities at the concession of the defeated Manchuria dynasty. Waning control of the imperial government yielded room for the budding of social institutions such as charity houses and religious groups.

3.3 The Emergence of Civil Organizations

The Treaty of Shimonoseki was signed on April 17, 1895 between China and Japan ending the first Sino-Japanese War of 1894-1895 in complete triumph for Imperial Japan. China ceded to Japan in perpetuity and full sovereignty of the Penghu group, Taiwan and the eastern portion of the bay of Liaodong Pen-



Exhibit III-2: The site of Society of Learning, 1895

insula, coupled with war reparation in the sum of 200 million Kuping taels (billions in terms of US Dollars).

A thousand or more candidates from all 18 provinces who had assembled in Beijing for the Imperial Examination signed a petition headed by Kang You-wei and his followers (the Gang of Kang) to the emperor in opposition to this “treaty of humiliation”, and lobbied for political reform aiming at transforming the crumbling imperial Qing dynasty into constitutional monarchy. Rejected by the royal palace, while continuing the lobby to the young emperor, the Gang of Kang resorted to education, press and association to spread ideas of modern governance drawing on the successful experiences of political reform in recent Europe and Japan, trying to navigate a path for the rehabilitation of China. The Society of Learning (*Qiang Xue Hui*) was the first civil organization created in August 1895 composed of open-minded scholars and officials. In addition to public speeches on political and social issues at their regular gathering, a Bureau of Translation was set up to introduce Western and Japanese reforms. Unfortunately, its Beijing operation was shut down by the conservative Dowager imperial court in the beginning of the ensuing year. Nonetheless, while its Shanghai brunch remains in operation, hundreds of such organizations sprouted across the entire nation following the showcase of the Society of Learning.

3.4 Democratic Revolution

A more complete set of Western ideology of democracy and civil society was brought in by the first few batches of returned Chinese scholars from overseas, which culminated in the Democratic Revolution led by Dr. Sun Yat-sen in 1911. Dr. Sun and his comrades were highly successful in raising funds from overseas Chinese community. The concept of people and citizen (versus subjects) as well as state (versus empire) began to disseminate in the mindset of the Chinese fueled by the freedom of speech and press. Infant industries and commerce were also

inclined to unite propelled by the common interest to defend against foreign competition.

May 4th Movement which was ignited in 1919 by university students pushed forward the introduction of Mr. Democracy and Mr. Science from the West. Meanwhile, campaigns were organized to dismantle the traditional worship toward the archaic Confucianism. Chinese Communist Party (CCP) was established in 1921 from its onset as an NGO aided by the young Soviet Union. It quickly gained popularity inciting workers and farmers to form their unions and fight for their rights. After a short period of oscillation, the then ruling National Party (Kuomintang - KMT) started massive prosecution over this blooming young party. In 1949, the KMT was defeated to Taiwan, marked by the founding of the PRC ruled by the CCP in consultation with other non-ruling parties within the framework of CPPCC.

3.5 30 Years' Mandatory Institutions

After the founding of the PRC in 1949, despite the short-lived Provisional Measures on the Registration and Management of Social Organizations²⁵ published by the state council in 1950, with the strong influence of the former Soviet Union headed by Joseph Stalin, singular political party rule were steadily strengthened in the political area paralleled by mandatory planning in economic life. China maintained a doctrine of “strong government and weak society” where virtually all aspects of social lives were under the control of the government along a vertical hierarchy in the name of units. State intervention infiltrated all walks of life and every corner of the country. In the countryside, people were confined to communes and brigades as production units. In the cities, people were assigned to work units designed by the central government.

²⁵ Interim Measures for the Management of Civil Organizations by the then State Council of the Central People's Government (中央人民政府政务院《社会团体登记管理暂行办法》), 1950

Economically, people lived on ration coupons dispensed by the state. Socially, marriage, travel and jobs were all subject to the approval of the unit sanctioned by the government. A class struggle was the mainstay in political life based on a unique caste-like system. In the countryside, according to the wealth conditions of their families before the liberation, people by birth were classified into landlords, rich peasants, upper-middle peasants, middle peasants, lower-middle peasants, poor peasants and tenants while in the cities, capitalists, petite bourgeoisie and workers (also known as the proletariat), when the first two were the victims of class struggle. The All-China Federation of Labor was established soon after the birth of CCP in 1921 as the only national labor union among workers in the cities. Though considered as a civil organization, it is in actuality and by its charter a government agency vested under the leadership of CCP as of today.

Trade embargo and economic sanction imposed by western countries during the phase of the Cold War (1947 - 1991) also cut off ideological influences from the West. Voluminous NGOs after the shift of government were disbanded in the early 1950s and a few who survived were highly politicized. As a result, only 44 national level NGOs were left in early 1950s which marginally rose to just short of 100 as of 1965. The rupture of ally with Soviet Union in late 1960s sent China back to economic autarky. While the ten years Cultural Revolution (1966-1976) engulfed all social constructs with pandemonium, the nullification of NGOs remained virtually unchanged until the reform and open-door policy was adopted in late 1978. Ironically, the fanatic rebellious groups of Red Guards that swept the whole nation during the Cultural Revolution met the definition of NGOs in a grotesque format. The Red Guards rebelled in delirium against all authorities and disrupted existing government functions. While they openly exposed government officials and intellectuals with Big Character Posters followed with rampant prosecution, they culminated the fetish of Mao Tse-tung, then the nation's su-

preme leader who engineered this movement in an attempt to purge his discontenting comrades. The cessation of the Cultural Revolution ended up with the execution of the Gang of Four as imposters headed by Mao's wife.

For the purposes of security control, tax collection and army recruitment, the household registration system (*Hukou*) originated in the Spring and Autumn period (770 – 221 BC) among different kingdoms and were consolidated in the Qin Dynasty that followed. Such design has been carried on almost for the entire Chinese history as an amazing apparatus to maintain social stability, at the cost of stifling mobility and efficiency. Its strong bearing continues onto the current system where each household continues to keep a booklet as family ID recording births, deaths, marriage status, all members and their relations as well as their residential status.

The beginning of 1958 marked the first stringent PRC Act on Household Registration under which all individuals were attached to a specific place of residence and organizational unit. Urban and rural residents were



Exhibit III-3: Landlords were prosecuted during the land reform movement in 1950s

clearly defined and segregated where the former were given jobs, housing and medical care by the government. Virtually all consumer products were arranged based on ration coupons, from food, cloth, to daily utilities such as radios and bicycles. Orchestrated by the mandatory economic structure, the latter were peasants who worked on communal farms (productive brigade) and sold their additional yields to the state at dictated lower price on top of in-kind tax to be surrendered. Geographic and social mobility was made virtually impossible for all people by two systems that were comparable to the caste system in India: household

registration and class status. Purchase of train and air tickets required stamped permit from the traveler's organization. Recommendation letter was issued for visitors to any other organizations. Marriage also required permission letter from both organizations of the couple.

The system of class status was earmarked in June 1950 for the purpose of land reform²⁶ in the countryside by the newly established communist government aiming at an egalitarian society. Based on scale of land possession, level of exploitation and level of personal participation in farm work, farmers were classified into landlord, rich peasants, middle peasants, poor peasants and farm hands. Land from owners were confiscated and redistributed according to family size. In order to legitimize such massive reform campaign, strong notions of exploitation derived from the theory of residual value, proposed by Karl Marx, was assimilated in the minds of the farmers. Poorer farmers were given the political justification to take over from richer farmers since they were made to believe it is their piece of land that was encroached through exploitation. Hostility was fomented among the haves and have-nots, to be followed by massive class struggle alienating and prosecuting the classified rich. Such rebellious spirit cultivated, political vocabulary forged completely subverted traditional values, and directly fueled the Great Cultural Revolution which entailed massive commotions filled with betrayal, prosecution and killing among and between classified groups. Despite the fact that land was soon collectivized into communes, the ideological hatred and contempt against the rich lingered on, which presents considerable resistance to a full market-oriented economy. Such class identification was carried on by generations in which all members of the classified richer families were disparaged and denied various social rights, such as those in occupation and education. The irony for land reform based class identification aiming at egalitarianism turned out to have institutionalized political inequity and social animosity.

²⁶PRC Law on Land Reform, June 30, 1950

3.6 Thirty Years Development after the Open-Door Policy

Domestic reform and open-door policy masterminded by Deng Xiaoping has been characterized by the process of deregulation and privatization. The combination of western influence, rebellion against three decades of cultural depression, increasing economic freedom by individuals, organizations and local governments provided a cozy environment for a burgeoning civil society in China. The year of 1984 saw more than 700 NGOs at national level. Thanks to the dramatic privatization process, besides the roaring

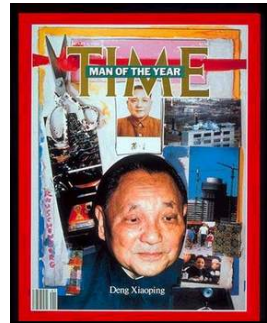


Exhibit III-4: Deng Xiaoping, chief architect for Chinese open-door policy

number of foreign and domestic private enterprises, private-run social institutions such as schools, hospitals, charity houses mushroomed. The surge of non-enterprise units constituted a milestone achievement in the mid of 1990s. The fueling waves demanding for anti-corruption and democracy coupled with the social turmoil in Eastern Europe which led to the collapse of Communist Soviet Union around the turn of 1990s triggered a more cautious move of the Chinese government toward civil organizations. On October 25, 1989, the Act on Registration and Administration of Social Organizations was published, which was followed by a joint notice on its implementation by Ministry of Civil Affairs and Ministry of Personnel on December 14. As a result of tightened control through required re-registration for the purpose of streamlining, the number of NGOs was decreased by around 40,000 units. By 1998, with 9 years past, the number of civil organizations slightly increased to 1,800 at central level but dropped to 165,600 at local level. The rate of negative growth lingered on till 2002.

Legal construction surrounding NGOs stepped up at the turn of the century. The renewed Act on Registration and Administration of Social

Organizations and the Provisional Regulations for the Registration Administration of People-run non-Enterprise Units in 1998, together with the Regulation on the Administration of Foundations, Law on Welfare Donation 1999 and the Provisional Regulations for the Administration of Foreign Chambers of Commerce in China, constituted the bulk of legal framework over the administration of NGOs in China.

3.7 Since the Hallmark Year of 2008

2008 was a year of unprecedented magnificence for the role NGOs in two major events – the Wenchuan earthquake and the Beijing Olympics. The earthquake that broke out in May, 2008, in Wenchuan, southwestern part of China, cast a casualty of 87,149. As many as 1.2 million volunteers across the country swarmed into this area with money, goods and human care. Donations amounted to RMB76.22 billion (US\$11.55 billion)²⁷, which exceeded the national total amassed in the previous 10 years. The Olympic Games hosted in Beijing for the first time in Chinese history, in August, 2008, attracted 1.7 million volunteers. These two events symbolized a turning point of social transformation toward a civil society, in which not only the spirit of philanthropy and voluntary participation was fermented, but also the organizational skills of those NGOs were given full display.

As a matter of fact, as late as 2007, Chinese government agency began to collect statistics on donation, which implies that before which time, donation was considered as ad hoc and piecemeal event or behavior.

State expenditure on social services reflects how the government is financially involved in catering the livelihood of its people. It also con-

²⁷Data adopted from: Wang Ming, Reports on the Civil Society Action in Wenchuan Earthquake: China NGOs in Emergency Rescue, Social Sciences Academy Press, May, 2009, P.1.

tributes significantly to the infrastructure on which social activities are carried out. By statistics, 10 specific items are included: education, medical care, employment, welfare, science and technology, culture, sports, community development, tourism, population and birth control. By the end of 2013, state investment in social services constituted 3.1% of the national fiscal expenditure. Notwithstanding its yet lower proportion, the number has been on steady increase. (see Table III-1)

Table III-1: Investment in Social Services

Unit: RMB100 million			
Items	Social Service Expenditure	Social Infrastructure Investment	Fixed Asset in Social Service Organizations
2006	915.4	33.5	4066.7
2007	1215.5	47.7	3973
2008	2146.5	66.6	4592.8
2009	2181.9	157	5198
2010	2697.5	183	6589.3
2011	3229.1	218.5	6676.7
2012	3683.7	235	6675.4
2013	4276.5	292.8	6810.2
2014	4404.1	282.2	7213.0

Source: Statistics from Ministry of Civil Affairs, 2006-2014
<http://cws.mca.gov.cn/article/tjbg/201406/20140600656167.shtml>

THE CONDITION FOR NGO DEVELOPMENT IN CONTEMPORARY CHINA

Civil society as an important part of superstructure does not stand alone without the support of a congenial economic foundation. The rise of civil society in western countries has been fundamentally supported by capitalistic market economy in which the deep-rooted notion of private property, freedom to contract and competition counters the state power. The state is guarded against excessive intervention into economic and social life, where NGOs fill the gap for interpersonal coordination and alignment of different and sometimes conflicting interests thus help lay the necessary foundation for a civil society.

Although China went through waves of social revolutions and upheavals along its long history, the concept of democracy and freedom of association had been essentially futile due to the lack of economic foundations until the mid of last century when capitalism begun to surface on the Chinese landscape. The dawn of a civil society in a practical sense was not visible until landmark decision for reform and open-door policy at the end of 1978. In other words, it is the development of market economic system that renders a civil society necessary, possible, and practical.

4.1 The Role of Market Economy

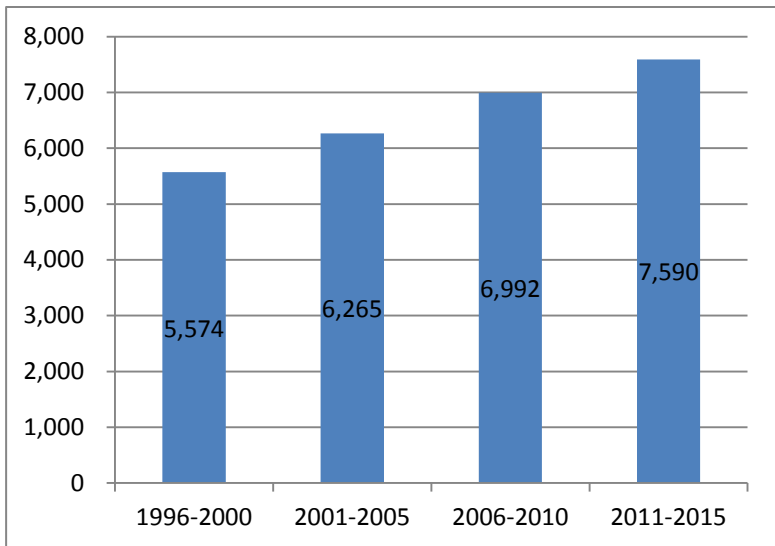
Market economy breeds the sense of individualism under the construct of labor division which in turn calls for collaboration among equals in the society. Private owners of business need to gather economic resources based on a contract of the equals. They also find the need to gather together to defend their interest against the capricious hand of the government and prepare against market risks. Therefore, they are motivated to associate for their commonwealth. The size, number and activity of business associations are positively related to the economic strength of private businesses. Wenzhou, Zhejiang province, offers the best evidence where private businesses enjoy fertile soil to grow. Similarly, Shenzhen of Guangdong province, being China's first special economic zone set up in August, 1980, is another showcase. On one hand, the knowledge and experience in business can be leveraged by entrepreneurs to set up and operate civil organizations. On the other hand, consumers

Massive economic reform in China is traced back to the introduction of household responsibility system in the countryside in 1982. Individual households were distributed plots of land on contract basis and were granted the freedom on the choice of crops and sales of their yields. This eventually paved the way to free election system at Chinese village level.

The rise of private disposable income both at business and personal levels is a determining factor to launch and sustain NGOs. In contrast, it was impracticable under a mandatory planned economic system when government controlled economic resources and people had little disposable income however equal they might be. China's per capita income was meagre US \$224.90 in 1978! It has been steadily increasing during the past two decades. (Exhibit IV-1) The 18th CPC National Congress (2102) set up a promising target which is reassured by the 13th Five Year Plan (2015-2020) to double the per capita income by 2020 on basis of

2010. With the increase of resources at free disposal, people are no longer satisfied with gratification of their elementary desires. The convulsive donation and voluntarism for the Wenchuan earthquake relief in 1998 poised a stark contrast with the apparent frigidity during the most devastating Tangshan earthquake in 1976.

Exhibit IV-1: Chinese GDP per capita, 1996-2015 (unit: US\$)



Source: World Bank <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

The housing reform formally commenced in 1994 and followed a path of incremental privatization. People turned from tenants of the government into private homeowners. With the largest piece of private property in possession, individuals obtain dire motivation both in awareness and action for the protection of property rights. This led all the way to a series of constitutional amendments and the promulgation of Property Law in 2007.

The increasing need to contract under a market economy serves as a constant reminder of its prerequisites: equality in social status and freedom to contract. The evolution from PRC Economic Law in 1982 to the

enactment of Civil Law in 1986 and PRC Contract Law in 1999 reflected the legislative response to such social demand.

Finally, the development of market economy helps to dissolve homogeneity and boost diversity among social participants. This is illustrated in property ownership, resource distribution, social strata and ideological frames. While wealth polarization between social classes and regions continues, it is crucial to note the steady rise of middle class – educated, informed with increasing economic decency, social dignity and critical thinking – has been highly conducive to the healthy development of a civil society in China.

As private enterprises are gaining their share of the economy and their owners get elevated in their social status, their participation in social philanthropy grows in proportion. Since 2007 when China began to adopt statistics on donations across the country, private enterprises have always occupied the majority share well above 50%. In 2012, their donation amounted to RMB27.5 billion, registering 57.98% of the country's total.²⁸ The Opinion on Supporting the Active Participation of Private Enterprises in the Cause of Philanthropy issued by the Ministry of Civil Affairs in conjunction with All-China Federation of Industry and Commerce in 2014 is illustrative of the recognition by the Chinese government in the rising importance of private enterprises in the field of philanthropy.

The vigor of civil society is firmly vested within the level of mass participation in political and social activities. The level of mass participation in voting for community management or open protest is highly correlated with the level of per capita income and openness across major cities in China.

²⁸NewsNet of the Chinese Communist Party, <http://cpc.people.com.cn/n/ 2014/ 0120/c64387-24174496.html>, January 20, 2014

Table IV-1: The level of participation in voting for residential committee

	Shang-hai	Guang-zhou	Zheng-zhou	Chang-chun	Kunming	Lan-zhou
Have participated	55.2%	24.1%	14/8%	17.5%	15.8%	22.3%
Ready to participate	70.9%	54.9	33.0%	40.1	48.8%	53.6%

Source: Society Quality Survey 2013, Situational Analysis and Forecast for Chinese Society 2014, Social Sciences Academic Press (China), 2014, p.142.

4.2 Political Reform

Political reform initially aimed at separating government from enterprise management followed by deregulation of business decisions. Provisional Regulation on the Contract Operation of State-owned Industrial Enterprises 1988 legitimized the infusion of capitalistic operation into the state-owned enterprises (SOEs). Individuals contracted with SOEs for market-oriented decisions while promising to pay back a percentage or fixed amount from their earnings. This practice was phased out due to the uncompromised conflict between private interest and state ownership as of the end of 1990s. Opinion on Deepening Reform on Economic System was issued by the State Council in 2005, based on which the state started reorganization of SOEs primarily through merger and privatization. This effort was further facilitated by the enactment of Bankruptcy Law in 2006. As a result, from 2002 to 2007, the number of SOEs drastically reduced from 158,700 to 115,100, and the number of SOEs centrally controlled by the State Asset Commission reduced from 196 to 145. 5,000 money-losing SOEs went bankrupt. With their socialistic iron rice bowls smashed in those SOEs, more and more workers

entered the free job market, which helped to promote their awareness of labor rights.

Along with numerous rounds of institutional reforms in China, the central essence lies in the transformation of government roles. Overall, China has been shifting its gear toward the objective of “smaller government and bigger society” allowing more room for the function of a rising civil society.

It is worth noting that constitutional reform in 1999 repudiated the crime on anti-revolution which was intended to target political dissidents.

4.3 Urbanization

Along Chinese 2 millennium history, social hierarchy was designed and kept in such an order as officials, farmers, industrialists and merchants. Therefore, farmers enjoy a privileged position next to government officials, which is naturally logical when China was deeply founded in its agricultural roots. The Communist Party succeeded gaining its ruling position by relying on the farmers for revolution. The irony is that China has long despised farmers as second class citizens after the Communist Party’s ruling, largely due to the fact that the country followed the Soviet Union type of social governance by placing farmers in the lowest social strata, namely, peasants.

By the end of 2015, the number of urban permanent residents (including those without household ID - *hukou*) reached 56.1% of the entire population, and the rate of urbanization shall be maintained at 3.9% during the 13th Five-Year Plan period (2016-2020).²⁹ According to World Bank, between now and 2030, the average rise in the number of city dwellers is likely to be around 13 million per annum, roughly the

²⁹ 13th Five Year Plan for National Economic and Social Development, PRC, 2016

population of Tokyo. In 2030 China's cities will be home to close to 1 billion people, or about 70% of the population, compared with 54% today.³⁰

Exhibit IV-1: Rural and urban population and GDP per capita in China 2012, \$'000



Sources: Haver Analytics; The Economist estimates

[‡]Guangdong data exclude Hong Kong and Macau
[‡]Registered as rural, living elsewhere

†Registered as rural, living elsewhere

Strictly speaking, the notion of civil society originates from and rests in the urban life. On global level, urban residents rose from 30% in 1950 to 50% in 2008. China has been topping the world in its pace of urbanization. China's administrative structure is divided into 3 types of units: commune, town and street. While streets are the basic level of the cities

³⁰China: Building the Dream, The Economist, April 19, 2014

(strictly urban), towns are small cities surrounded by vast rural areas which are also considered urban. Communes are strictly rural which are inhabited by farmers. From Table IV-2, towns and streets are on rapid increase and the number of communes is on the decline.

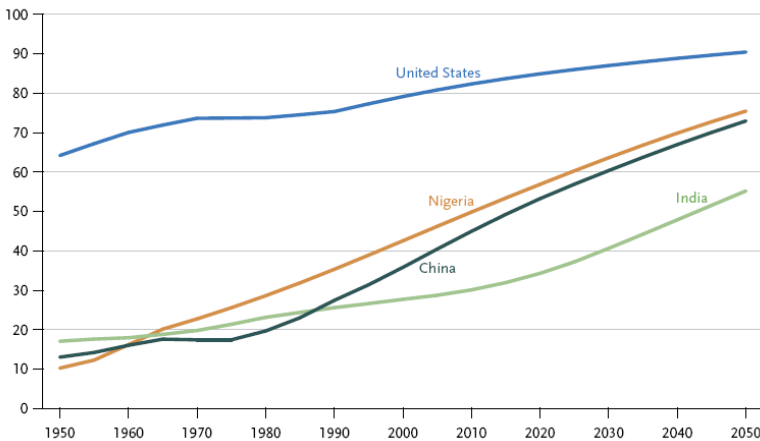
Table IV-2: Administrative Distribution in China

Number	2006	2007	2008	2009	2010	2011	2012	2013	2014
Commune	15,306	15,120	15,067	14,848	14,571	13,587	13,281	12,812	12,282
Town	19,369	19,249	19,234	19,322	19,410	19,683	19,881	20,117	20,401
Street	6,355	6,434	6,524	6,686	6,923	7,194	7,282	7,566	7,696

Source: Statistical Report on Chinese Social Service Development, 2006-2014, Ministry of Civil Affairs

<http://www.mca.gov.cn/article/zwgk/mzyw/201406/20140600654488.shtml>

Exhibit IV-2: Rate of Urbanization for selected countries



Source: UN Population Division, World Urbanization Prospects: The 2007 Revision (2008)

The number of cities had grown rapidly since China’s reform and open-door policy, from 193 in 1978 to 658 in 2010. For the same period, the number of towns surged from 2,173 to 19,410.

Table IV-3: The Growth of Cities in China

Urban Population (Million)	1978	2010
>10	0	6
5-10	2	10
3-5	2	21
1-3	25	103
0.5-1	35	138
<0.5 million	129	380

Source: Blueprint for China's New Urbanization (2014-2020)

4.4 Globalization and the Internet

China's open-door policy ushered in not only foreign goods and technologies, but with them come along western values and lifestyles which confronted as well as blended with those of traditional Chinese. This trend has provoked lasting debates - blamed as westernization on one hand, and blessed as modernization on the other. However, one thing is certain, which is change. The western concept of civil society is slowly spreading across the country, particularly in the big cities and coastal regions that benefited the most from the open-door policy. The concepts of freedom of contract, democratic participation, fair competition, laissez faire and rule by law coincide with the need for the proper function of Chinese market economy, and meanwhile enhance the conscientiousness of an independent political identity in the mind of the Chinese. The remnants of class struggle under the quasi caste system (stratification by family class background) get quickly dispersed. CCP membership is no longer the sole path to climb the political ladder at least in those technical positions of public administration and social management.

International organizations, foreign governments, multinational companies, foreign foundations and NGOs from developed countries have gradually penetrated China, providing aid to social projects, entering into alliance with domestic civil organizations. In 1999, out of the aggregate \$450 billion aid offered by international organizations and foreign governments to the whole world, China alone received approximately \$6 billion.³¹ The sources were traceable to World Bank and Asian Development Bank (\$4 billion), bilateral aid programs (\$1.5 billion), UN organizations (\$80 million) and other international government organizations (\$60 million).³² Another research showed a \$100 million received from overseas NGOs in 2003.³³

Internet has provided a free and pervasive cyberspace for those craving expression and exchange of views and ideas. Netizens in a virtual world feel freer than citizens to unleash their personality and ingenuity assisted by easier access to medium of expression, and they tend to concern less over political fetters. By the end of 2009, the number of netizens reached 384 million covering 28.9% of Chinese population.³⁴ Many netizens utilize public domains or their personalized blogs to organize e-communities, launch debates and surveys over politically and socially sensitive issues and expediently expose bureaucratic misdeeds such as instances of corruption and environmental destruction which otherwise would be cumbersome for either technical or political reasons. In early 2009, a netizen committee was formed to launch an investigation into the case of suspected custodian abuse that resulted in the death of Li Qiaoming in Yunnan province, southwest tip of China. According to the initial report by the police officers, his death was an accident in playing a hide-n-seek game with his cellmates. Public opin-

³¹ China Development Report, October, 1999, P-1.

³² Ibid, P-2.

³³ S. Wang, "Funding the Rule of Law and Civil Society", China Right Forum, No. 2, 2003, pp. 22-35.

³⁴ 25th Statistical Report on the Development of Internet, CNNIC, 2010-1-15.

ions inflamed through the web urged local government and public security for reinvestigation and confirmed such an abuse. Li's family was eventually compensated and the police stations were virtually overhauled. Following this case, a web survey launched by sina.com over the question of "Do you think participatory supervision through the internet is a good model for the promotion of judicial justice?" Result revealed, among 4,213 web respondents, 78.1% netizens were affirmative.³⁵

Setting aside direct influence and pressure to the government which has been effective in a number of cases, they provide leads to mainstream media. In the meantime, mainstream media increasingly resort to cyberspace to circumvent censorship or test water over sensitive issues.

³⁵ <http://survey.news.sina.com.cn/voterresult.php?pid=30972>

LEGISLATION AND ADMINISTRATION OVER NGOS

5.1 Legislations over NGOs in China

Legislative system covering Chinese NGOs is embodied in three branches of law: constitution, applicable general laws and special administrative regulations.

5.1.1 Constitution

Immediately after the founding of PRC, the Common Principles of Chinese People's Political Consultative Conference as a provisional constitution stated in Article 5: PRC people have the rights of freedom to thought, speech, press, assembly, association, communication, personal liberty, residence, migration, religion, and demonstration. The freedom of association was reaffirmed by the first constitution in 1954 and ensuing voluminous amendments in 1975, 1978, 1982, 1999 and 2004 in spite of radical changes in other aspects of political life. In a nutshell, the fundamental right of civil organizations has all the time been guaranteed by PRC constitutions.

5.1.2 General Law

General laws refer to those laws passed by the supreme state legislature - NPC. Except for the Law on Red Cross Society 1993 and Law on Welfare Donations 1999, no other general law of this stature catered to civil organizations was available until the most recent passage of PRC Charity Law in March 2016. Applicable provisions can be found in general laws such as civil law, contract law, and laws for the protection of rights for consumers, children and women. The Administrative Procedure Law, effective since 1990, was enacted for the purpose of “ensuring the correct and prompt handling of administrative cases by the people’s courts, protecting the lawful rights and interests of citizens, legal persons and other organizations, and safeguarding and supervising the exercise of administrative powers by administrative organs in accordance with the law.” This is epoch-making by which it served as a conceptual subversion among Chinese citizens that individuals for the first time was able to sue the government for power abuse. However, in practice, while class action remains controversial, the right to sue has been confined to those individuals or organizations whose interests have been directly damaged. In other words, NGOs whose interests are not directly damaged are deprived of the right to sue for social justice in the position of a third party. A similar situation can be found in the application of environment protection law.

Civil law 1986 prescribed the legal status of folk organizations thus in general terms provided a legal base for the governance structure, property disposal, as well as their establishment, alternation and dissolution. A special chapter in the Trust Law 2001 is devoted to philanthropic trust fund management.

5.1.3 Special Administrative Regulations

Regardless of various titles – act, regulation, provisional stipulation, decree, rule, notice or method - regulations pertinent to NGOs largely derive from executive branch of the government instead of the People’s Congress as the official legislative body. Such administrative regulations tend to govern more specific issues; for example, article 5 of the Law on Lawyers stipulates the establishment, charter, membership and function of lawyers’ association. The same pattern is followed by the Law on Trade Unions, on the Red Cross Society, Act on the Promotion of Private Education, and Welfare Donation Law.

Administrative regulations pertinent to the so-called folk organizations are promulgated at three levels of the administrative branch: State Council, ministries and local governments.

5.1.3.1 State Council Regulations

- Method for the Usage of Red Cross Emblem by the State Council and the Central Military Commission, 1996
- Provisional Regulations on the Registration and Administration of People-run Non-enterprise Units, 1989 and 1998
- Act on Registration and Administration on Social Organizations, 1998
- Regulation on the Administration of Foundations, 1988 and 2004
- Provisional Regulations on the Administration of Foreign Chambers of Commerce in China, 1989
- State Council Directives on Government Procurement from Social Organizations, 2013
- Provisional Measures on Social Relief, 2014

These regulations serve to lay a broad framework with regard to the status of NGOs in Chinese political life, their scope of activities, relationship with governmental organizations, as well as the procedures of establishment and termination, basic rights and responsibilities, means

of management and supervision. Among them, the Act on Registration and Administration of Social Organizations plays a pivotal role.

5.1.3.2 Ministerial Regulations

Regulations from various ministries under the State Council are interpretive and operative with focus on certain lines of industry. They come from the following four sources.

5.1.3.2.1 Ministry of Civil Affairs

Ministry of Civil Affairs is designated by the State Council with the primary responsibility for the governance of civil organizations, foundations and people-run non-enterprise units. Its regulation covers almost all facet of a civil organization:

- Notice on the Issues pertinent to the Application for Staffing Level of Social Organizations, 1992
- Interpretation over the Issue of Notice on Forbearance by CCP and Government Leaders for ex officio Executive Positions in Social Organizations issued by the Administrative Offices of the CCP Central Committee and the State Council, 1998
- Provisional Rules on the Administration of Social Organizations under the Ministry of Civil Affairs, 1998
- Provisional Rules on the Registration of People-run Non-enterprise Units, 1998
- Provisional Rules on the Administration of Names by People-run Non-enterprise Units, 1999
- Provisional Rules on the Administration of Establishment of Special Funds Management Institutions, 1999 (annulled)
- Restatement for Supervisory Agency over Social Organizations, 2000
- Notice on the Issue of Social organizations Named after an Individual, 2000

- Rules on the Registration of People-run Non-enterprise Training Units (provisional), 2001
- Provisional Method on the Abolishment of Illegal Civil Organizations, 2000
- Notice on the Establishment of Subordinate (Representative) Branches in other Places by National Level Social Organizations, 2001
- Method on the Annual Inspection over People-run non-Enterprise Units, 2005
- Administrative Rules on Donation for Disaster Relief, 2008
- Administrative Rules on the Evaluation of Social Organizations, 2010
- Appraisal Method for the Performance of Social Organizations, 2011
- Administrative Procedures for Penalty on Social Organizations, 2012

5.1.3.2.2 Regulations by Ministry of Civil Affairs in Conjunction with other Ministries

Ministry of Civil Affairs works with other ministries to issue regulations concerning inter-sectarian issues such as taxation, staffing levels, and fund management. These include:

- Ministry of Public Security: Regulation on the Stamp Chop Management by Social Organizations in 1993, and Regulation on the Stamp Chop Management by Non-enterprise Units in 2000
- Ministry of Personnel: Notice on the Personnel Management over Full-time Employees within the National Level Social Organizations, 2000
- Ministry of Science and Technology: Provisional Method for the Registration and Administration over People-run Non-enterprise Units in the Strata of Science and Technology, 2000

- All-China Federation of Industry and Commerce: Opinion on Supporting the Active Participation of Private Enterprises in the Cause of Philanthropy, 2014
- Joint Notice by Ministry of Finance and Ministry of Civil Affairs on the Cancellation of Required Approval on Membership Fees Among Social Organizations, 2014
- Joint Notice on Issues Related to Tariff Exemption Procedures on Charity Donations by Civil Organizations and Foundations by Ministry of Civil Affairs and General Administration of Customs, 2016

5.1.3.2.3 Regulations by other Ministries

Other ministries in parallel with the Ministry of Civil Affairs issue their own regulations with regard to the administration of civil organizations within their own regime, such as:

- Administrative Method on Social Organizations in Foreign Economy and Trade by the Ministry of Foreign Trade and Economic Relations, 1991
- Administration on Income Tax Collection over Social Service Units, Social Organizations and People-run non-enterprise Units by the National Taxation Bureau, 1999
- Provisional Administrative Method on Social Organizations under Ministry of Education, 2001
- Accounting System of Folk Non-profit Organizations by Ministry of Finance, 2004

5.1.3.2.4 Local Government Regulations

Various local governments, congresses and CCP commissions above county level across the country have issued ordinances for the administration of civil organizations in conformance with laws and decrees from superior levels.

5.2 Legislative History over Civil Organizations in China

Over the past six decades after the founding of PRC, legislation over civil organizations has gone through three zigzag phases: 1) distillation, 2) destruction, and 3) restoration. The volume of legislation experienced visible ups-n-downs in response to China’s economic and political situations (see Exhibit 3 on next page).

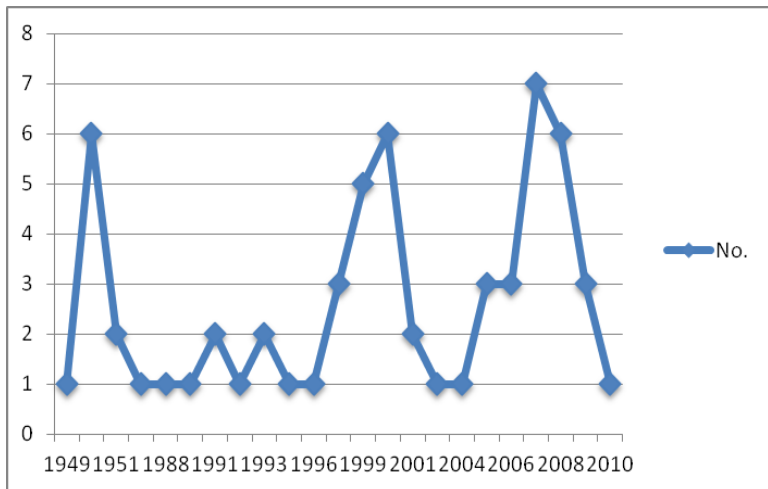


Exhibit 3: Legislative history related to Civil Organizations

5.2.1 Distillation at the Beginning of PRC

During the beginning years after the CCP took hold of the national political power in 1949, CCP and the central government attached great importance to a national coalition of various interest groups. At the top, CPPCC played a significant role in consolidating different political parties under the leadership of CCP in pursuance of the Common Principles as the provisional constitution. At the grassroots level, legislations such as Law on Trade Unions, Organizational Principles for Farmers Association, Charter on the Charity Federation of the Chinese People,

and Provisional Decree on the Registration of Social Organization all took place in 1950. At the end of 1950, the State Council passed regulations on the receipt of donations from foreign countries by cultural, educational and religious organizations, followed with implementing procedures in early 1951. These helped set forth a legal foundation for the growth of civil organizations in China in a critical period for the restoration of social order after a three year civil war.

Unfortunately, political distillation came on the heels in the early 1950s in a wave of eradicating anti-revolutionary forces. A large number of NGOs disappeared and the few who survived were highly politicized. As a result, only 44 national level NGOs were left which marginally rose to just short of 100 as of 1965.

5.2.2 Massive Destruction during the Cultural Revolution

In the years of Great Proletarian Cultural Revolution, mass movement was engineered by the leftist leaders within the central government, which sent the country's social and political landscape into a violent chaos. Social organizations like the Red Guards were inflamed into massive destructive force. Under the banner of the “four great rights” — right to speak out freely, to air one's views fully, to write big-character posters, and to hold great debates — proper government and even the protection of basic civil rights were virtually paralyzed. The holy civil rights of association descended to lethal weaponry of class struggle and political prosecution.

5.2.3 Restoration after the Open-door Policy

The downfall of the culprits — the Gang of Four — in 1976 marked the demise of the Cultural Revolution. Although four modernizations were proposed and social chaos died down, no dramatic change took place in the social front during the transitional government headed by

Hua Guofeng afterwards until the reform and open-door policy was adopted toward the end of 1978. NPC twice revised Law on Trade Unions in 1992 and 2001, which added the democratic participation of unions in the SOEs and supervision over their business activities. A special chapter was augmented to forestall violation into the rights of unions and their leaders.

Regulations on the Registration and Administration of Social Organizations updated by the State Council in 1998 have made specific over the following important issues:

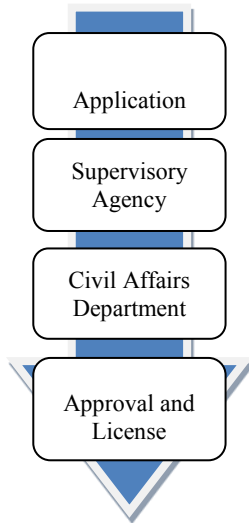
1. Pluralistic administration: Ministry of Civil Affairs is charged with an overall responsibility for the registration and supervision of NGOs whilst other government agencies above the county level shall assist the Ministry of Civil Affairs in the guidance and supervision of those NGOs within their lines of business.
2. Definition: Social organizations are non-profit social organizations voluntarily formed by Chinese citizens and conduct activities by its charter for the realization of the common will of its members.
3. Threshold requirement: Membership of a social organization shall be no less than 50 individuals or 30 organizations. The working capital for a national level social organization is no less than 100,000 RMB, and for local organizations no less than 30,000 RMB.

On December 20, 2010, Administrative Rules on the Evaluation of Social Organizations was introduced by the Ministry of Civil Affairs. This regulation aimed at further streamlining NGOs through thorough inspection and categorical evaluation. Items subject to evaluation include infrastructure, governance, and performance. For the first time, social opinions were solicited in this campaign.

5.3 Administrative Setting over NGOs in China

With the exception of people-run organizations, the administration of NGOs takes a pluralistic pattern. In the first place, all NGOs in China have to be registered with and sanctioned by the Ministry of Civil Affairs and its branches across the country.³⁶ The supervisory power over their activities and routine management, however, is vested with the executive governments above the county level all the way up till the State Council. The establishment of an NGO will have to seek approval from a supervisory agency, and then start with the registration process with the line of Ministry of Civil Affairs to obtain a legal identity. Simply put, the supervisory agencies review the substance while the civil affairs departments handle the procedures. The ensuring administration shall follow the same plural pattern through annual inspection till the final decision is made by the Ministry of Civil Affairs – continuation, change or termination.

Exhibit 2: Administrative Process of Chinese Fork Organizations



³⁶ See appendix 3.

According to the Restatement for Supervisory Agency over Social Organizations issued by the Ministry of Civil Affairs in 2000, the supervisory agency refers to the following types of government agencies³⁷:

1. Ministries and commissions under the State Council and relevant departments above county level;
2. Functional departments under the central CCP committee and relevant departments above county level;
3. Administrative offices of National People's Congress (NPC) and CPPCC, Supreme People's Court, Supreme People's Procuratorate and their relevant departments above county level;
4. Supervisory organizations empowered by CCP office, State Council as well as CCP commissions and people's governments above county level;
5. The supervisory agencies within the military system are to be determined by the General Political Department under the Central Military Commission.

5.4 Registration and Administration of NGOs in China

Over the administration of NGOs, China is strongly accentuated with governmental guidance. This patriarchic type of control is intended to guard against precarious misconduct in social and political senses, but contributes to the ambiguity between the plural tracks of government administration, as well as blurring the border between legal and illegal operations of those organizations.³⁸

The administration of NGOs has been following a principle of "centralized registration, stratified administration and dual-track responsibil-

³⁷ See Appendix 4: Supervisory agencies for civil organizations at national level.

³⁸ XieHaiding, *The Dilemma of Legitimacy for Chinese Folk Organizations*, *Legal Studies [J]* 2004, Iss. 2.

ity.”³⁹ Centralized registration refers to the overall responsibility of the Ministry of Civil Affairs as a public registrar for such organizations with a few exceptions as mentioned in previous context. Stratified administration refers to the different level of control along the hierarchical order (central and local) of the government depending on the size and importance of those NGOs. Dual-track responsibility refers to the pluralistic format of supervision both by the Ministry of Civil Affairs and the government agencies to which the activities of those organizations are affiliated to. In general, the administration system exhibits the following features:

1. Higher threshold. While the requirement for the working capital (RMB 100,000) does not present a roadblock for domestic organizations, the major hindrance lies in the requirement for the amount of “qualified” membership which is subject to free interpretation on the tougher end. Minimum number of membership is 30 for a collection of institutions, or 50 for individuals or a blend of institutions and individuals. Foundations are subject to more stringent control; only government of civil affairs at and above provincial level has the power to receive such applications for registration. Funds from overseas or start-up funds above RMB20 million shall have to deal directly with the Ministry of Civil Affairs. Those applicants unable to reach such thresholds shall have to operate “illegally” or at least in the gray zone.
2. Administrative pluralism. The fact that substantial review by the corresponding government agency combines with the procedural review of the Ministry of Civil Affairs shuts a large number of applications beyond the doorstep, and the following dual-track intervention such as annual inspections makes it difficult for NGOs to properly function.

³⁹ Wu Yuzhang, *The Principle Dual Supervision: History, Status and Improvement, Report on the Folk Organizations in China, 2009-2010.*

3. Establishment of subsidiaries or branches is highly restricted.
4. Non-competition. Identical or similar organizations are not permitted within the same administrative area.

5.5 The Role of Communist Party

The Communist Party (CCP) as the sole ruling political party is designed as a parallel apparatus which perpetuates every level of functional bureaucracies to provide overall guidance and oversight. Although by constitution, the National People's Congress (CPC) is the supreme power,



the politburo retains de facto ultimate authority, where key decisions are made by the 7-member standing committee. The twin congregation of CPC and CPPCC held in early spring every year is to answer the bidding of those decisions and translate them into specific policies. The party committee is supposed to supervise executives, but the party secretary is generally situated in authority position notwithstanding the ambiguous power division within organizations. When economic development and organizational efficiency have been the focus, the central committee finds a declining role of CCP as the core political authority. In an effort to strengthen the leadership of CCP, the Notice on Relevant Issues Pertinent to the Establishment of CCP Organizations within Social Organizations issued jointly by the CCP Ministry of Organization and Ministry of Civil Affairs on February 16, 1998 and urged all social groups to consider the inclusion of CCP organization during the preparatory stage. All social organizations with more than 3 CCP members are required to establish grassroots CCP organization. The party member is given priority to assume leadership position in these organizations.

Five roles are identified by this document:

1. To propagate policy directions of CCP and execute the decisions of CCP organizations, and to ensure the legal compliance of social organizations;
2. To support social organizations to carry out business activities in accordance with its charter;
3. To strengthen the internal development of the party organization through education and management, and shape the role model function of the CCP members;
4. To assume leadership in political ideology;
5. To foster activities for united front⁴⁰.

The governance structure of CCP would vary depending on the size of its membership within NGOs. CCP members are also supposed to engage in business activities, but CCP organizations also release political reports on periodic basis to the CCP line in the supervisory organization. In September 2015, the executive office of CCP central committee issued an opinion on strengthening the party construction within social organizations with the objective to further integrate the leadership of CCP in social organizations.

5.6 Taxation Policy on NGOs in China

There is no separate law customized for the taxation of NGOs in China. Governing clauses are scattered in various different laws and regulations. Tax preferences can be found in the Collection of Income Tax on Welfare Units, Social Organizations and Non-enterprise Units 1999 jointly issued by Ministry of Finance and the National Taxation Bureau [No. 65]. Together with the Notice on the Relevant Issues Pertinent to Enterprise Income Tax over Social Service Units and Social

⁴⁰ United front is an important measure to ally people from all walks of life toward the directions

Organizations as well as the Notice on Relevant Issues Pertinent to the Waiver of Income Tax over Membership Fees by Social Service Units and Social Organizations in 1997, these three legal documents specified income tax exemptions on the following items:

1. Governmental funds, capital and additional income approved by the State Council and Ministry of Finance which are integrated into fiscal budget or special account outside fiscal budget;
2. Revenue earned by social service organizations approved by the governments at and above provincial level or approved jointly by the financial and planning departments at provincial level, which are integrated into fiscal budget or special account outside fiscal budget;
3. Special subsidies of social service organizations received from governing organizations designated for business development;
4. Fees of social service organizations derived from after-tax profit surrendered by their subordinates with independent accounting system;
5. Fees under special account outside fiscal budget approved by Ministry of Finance for tax exemption;
6. Funds received from various levels of the government;
7. Fees earned in accordance with the stipulations by departments of civil affairs at and above the provincial level;
8. Donations from all walks of life;
9. Other items explicitly approved by the State Council.

Except for the items listed above, all NGOs are subject to enterprise income taxation in addition to VAT, business tax, property tax, urban land use tax, vehicle purchase tax, and land VAT. Tax preferences are offered to certain lines of businesses run by non-enterprise units, such as non-profit hospitals, research organizations, nursing homes and educational services. As for non-profit foundations, their deposit interest in-

come is temporarily exempt from tax, but their income from stocks and bonds (except for treasury bills) are subject to tax.

Donations by business enterprises and individuals are entitled to different percentages of tax deductions depending on the types of beneficiaries.

From the above, we not only see words like “certain percentage”, “temporarily” and “depending on”, a large gap is left to freewheeling interpretation by different supervisory government agencies especially in view of the increasing complications in the governance and activity of NGOs.

THE DEVELOPMENT OF NGOS

In the early 1950s, only 44 nation-level NGOs existed, which marginally rose to just short of 100 as of 1965. The 1980s witnessed a surge of NGOs both in number and size blessed by the open-door policy. By 1989, national and local organizations rose to 1,600 and 200,000 respectively; by 1992, the numbers slightly decreased to 1,200 and 1,800. By 1996, the total number of NGOs hit a record high with 1,845 at nation-province level, and more than 180,000 at and above county level. According to the statistics by the Ministry of Civil Affairs, the aggregate number reached 289,000 and kept an annual growth rate above 10%.⁴¹ At the nation-level, the share of the four categories of organizations – academic, business, professional, federation – showed a pattern of 38%, 23%, 29% and 10%.⁴² By the end of 2008, officially sanctioned NGOs neared 400,000, among which NGOs were 220,000, an increase of 6.3%; people-run non-enterprise units 178,000, an increase of 3.5%; foundations 1,390, an increase of 1.5% as compared with the previous year. The following 3 years after 2008 have witnessed a slower growth of NGOs in China for 4.1%, 3.5% and 3.7% respectively, but in 2012, the total number has surged close to half a million with a growth rate of

⁴¹ Wang Shaoguang, He Jianyu, the Revolution of Social Organizations: the Landscape of Chinese Associations, *Journal of Zhejiang*, 2004, Iss. 6.

⁴² Wu Zhongze, *Management of Social Organizations*, China Social Press, 1996, P.7-8.

8.1% (Table VI-1, Exhibit VI-4& 5). A comprehensive network covering various categories and layers of the society thus began to take shape.

*Table VI-1: Number and Growth of NGOs in China, 1999-2012*⁴³

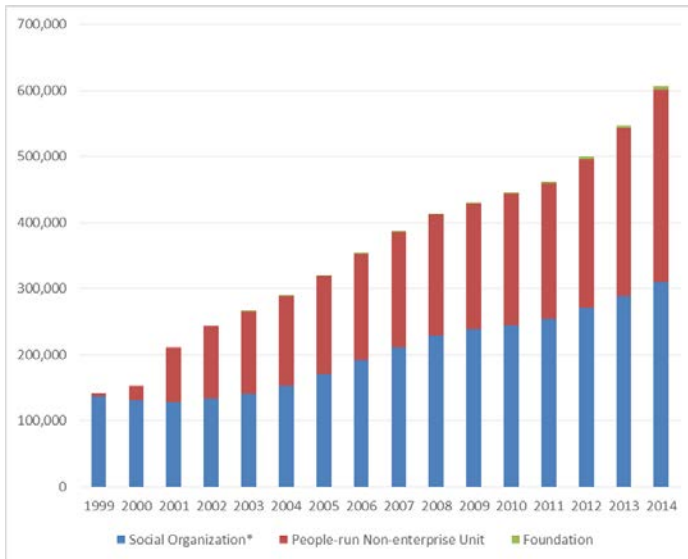
Year	Total		Social Organizations*		People-run Non-enterprise Units		Foundations	
	Number	Growth Rate (%)	Number	Growth Rate (%)	Number	Growth Rate (%)	Number	Growth Rate (%)
1999	142,665	—	136,764	—	5,901	—	—	—
2000	153,322	7.47	130,668	-4.46	22,654	283.90	—	—
2001	210,939	37.58	128,805	-1.43	82,134	262.56	—	—
2002	244,509	15.91	133,297	3.49	111,212	35.40	—	—
2003	266,612	9.04	141,167	5.90	124,491	11.94	954	—
2004	289,432	8.56	153,359	8.64	135,181	8.59	892	-6.50
2005	319,762	10.48	171,150	11.60	147,637	9.21	975	9.30
2006	354,393	10.83	191,946	12.15	161,303	9.26	1,144	17.33
2007	386,916	9.18	211,661	10.27	173,915	7.82	1,340	17.13
2008	413,660	6.91	229,681	8.51	182,382	4.87	1,597	19.18
2009	431,000	4.21	238,747	3.95	190,479	4.44	1,843	15.40
2010	446,000	3.38	245,256	2.73	198,175	4.04	2,200	19.37
2011	462,000	3.67	254,969	3.96	204,388	3.14	2,614	18.82
2012	499,268	8.07	271,131	6.34	225,108	10.14	3,029	15.88
2013	547,245	9.61	289,026	6.60	254,670	13.13	3,549	17.17
2014	606,048	10.75	309,736	7.17	292,195	14.73	4,117	16.00

*Foundation is included within the item of social organization before 2003.

Source: Statistical Report on the Development of Civil Affairs, 1999-2014

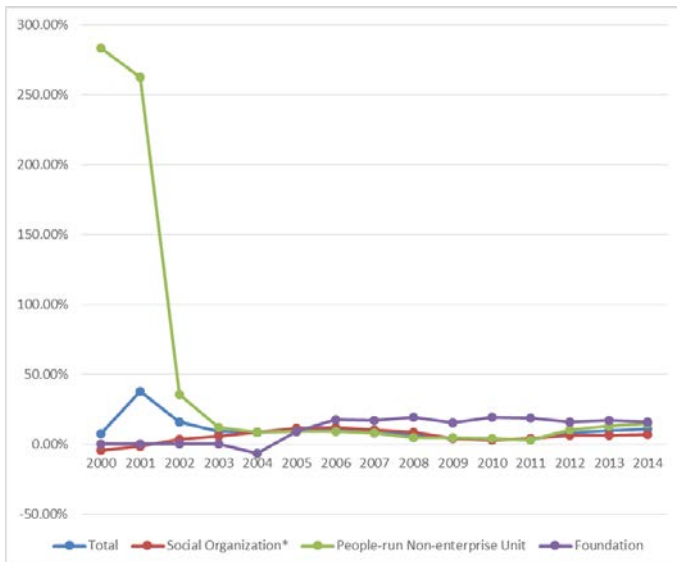
⁴³ Note: the report of the year is usually released mid-next year.

Exhibit VI-4: Number of NGOs in China, 1999-2014



Source: Statistical Report on the Development of Civil Affairs, 1999-2014

Exhibit VI-5: Growth of NGOs in China, 1999-2014



Source: Statistical Report on the Development of Civil Affairs, 1999-2014

From Exhibit VI-5, a clear path of slower growth of the two major types of NGOs in China, social organizations and people-run Non-enterprise Unit, have emerged from 2007 to 2010, which mainly comes from the predicament imposed by the “dual-track” administrative process mentioned in the previous chapter. This burdensome registration and governance mechanism resulted in a dilemma that unregistered NGOs outnumber the ones did with the Ministry of Civil Affairs⁴⁴. According to a report by the 21st Century Business Herald, by the end of 2010 the difference was anticipated to be seven-fold⁴⁵. A reform is to be expected, and from the same report, the deputy director of State Administration of Civil Organizations at the Ministry of Civil Affairs, Li Yong, has indicated that an unprecedented level of engagement and debate on the issue by the central government have been taking place, which has led to the amendments of several administrative rules and the pilot reform in Guangdong Province which will be elaborated in the following chapter.

By the end of 2014, there were altogether 606,048 NGOs across the country, registering an annual growth of 10.75%.⁴⁶ Their sphere of engagement covered science and technology, education, culture, public health, labor, civil affair, sports, environmental protection, legal service, social intermediary service, occupational safety, rural economy and other fields of civil life. They provided 6,823,000 employment opportunities, an increase of 7.18% from the previous year. Fixed assets accu-

⁴⁴Note: the data from the Ministry of Civil Affairs only include the civil organizations registered through the administrative process.

⁴⁵21st Century Business Herald (2010). “Dual-track administration of social organizations seeks reform”. Retrieved from (see footnote on next page): <http://www.21cbh.com/HTML/2011-3-17/1MMDAwMDIyNzE1Mw.html> on Feb. 18, 2014.

⁴⁶ By the end of 2012, the NGOs registered with the Ministry of Civil Affairs was 499,000, among which 271,000 were social organizations, 225,000 were people-run non-enterprise organizations and 3,029 foundations.

mulated amounted to RMB156.06 billion, an increase of 4.28%. Added value created by NGOs was RMB63.86 billion, an increase of 11.82%. This equaled 0.21% of the added value in the entire service industry. Donation received amounted to RMB52.49 billion.

Table VI-2: Financials of NGOs in China, 2006-2014

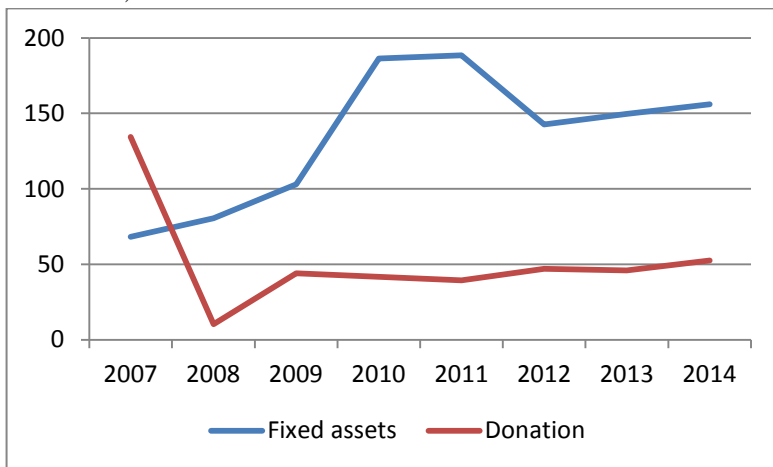
Year	Employment Opportunity	Fixed assets (billion RMB)	Added value (billion RMB)	% of entire service industry	Donations (billion RMB)
2006	—	—	24.75	0.30	—
2007 ⁴⁷	4,569,000	68.20	30.76	0.32	134.36
2008 ⁴⁸	4,758,000	80.58	37.24	0.31	10.34
2009	5,447,000	103.00	49.31	0.35	44.07
2010	6,182,000	186.41	53.11	0.31	41.70
2011	5,993,000	188.50	66.00	0.32	39.36
2012	6,133,000	142.54	52.56	0.23	47.08
2013	6,366,000	149.66	57.11	0.22	45.88
2014	6,823,000	156.06	63.86	0.21	52.49

Source: Statistical Report of Civil Administration Development of P.R.C, 2006-2014

⁴⁷ All incomes included.

⁴⁸ Donations from the society amounted to 7.73 billion RMB and donations-in-kind amounted to 2.61 billion RMB.

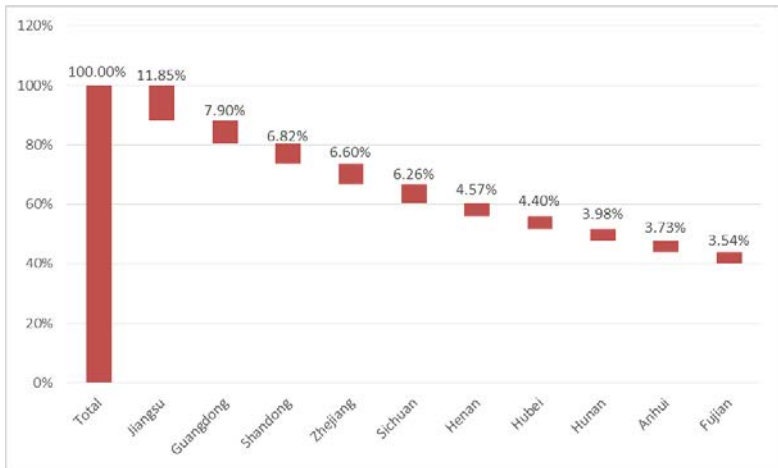
Exhibit VI-6: Growth rates (%) of NGO financials in China, 2007-2014 (Unit: RMB billion)



Source: Statistical Report of Civil Administration Development of P.R.C, 2007-2014. Note: donations from the society amounted to 7.73 billion RMB and donation-in-kind amounted to 2.61 billion RMB

The regional distribution of NGOs in China has shown certain disproportion among different provinces. In the year of 2014, the top 10 provinces with largest number of NGOs are (in sequence): Jiangsu, Guangdong, Shandong, Zhejiang, Sichuan, Henan, Hubei, Hunan, Anhui and Fujian, representing 59.64% of the total (Exhibit VI-7). The province of Jiangsu stood out as the largest host of NGOs with more than 71,571 NGOs (32,706 social organizations, 38,382 people-run non-enterprise units and 483 foundations). The rest of provinces that exceeded the hallmark of 30,000 are Guangdong, Shandong, Zhejiang and Sichuan. (more data in Appendix 8.)

Exhibit VI-7: Distribution of NGOs by provinces, 2014

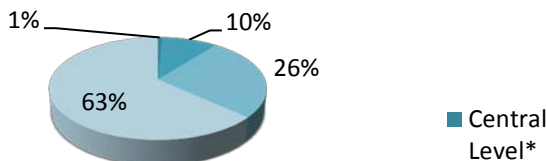


Source: Statistical Report by National Bureau of Statistics, 2014.

6.1 Social Organization

NGOs follow the same pattern of the government in terms hierarchical order as a result the hierarchical approval and supervisory structure (as shown in Exhibit 7 of the institutional levels of social organizations which represent over 50% of all NGOs). Survey by Yu Keping revealed, although no statistical data is available, the number of NGOs below county level has exceeded 3 million even by conservative estimates. Even larger numbers of organizations that have not been registered and sanctioned, inter alia, functions in reality as NGOs.

Exhibit VI-8: Typology of Chinese social organizations based on the institutional levels, 2012



Notes:

* incl. cross-provincial social organizations and those in autonomous regions/municipalities directly under the central government

** incl. cross-regional and cross-city social organizations

Source: Statistical Report of Civil Administration Development of P.R.C, 2012.

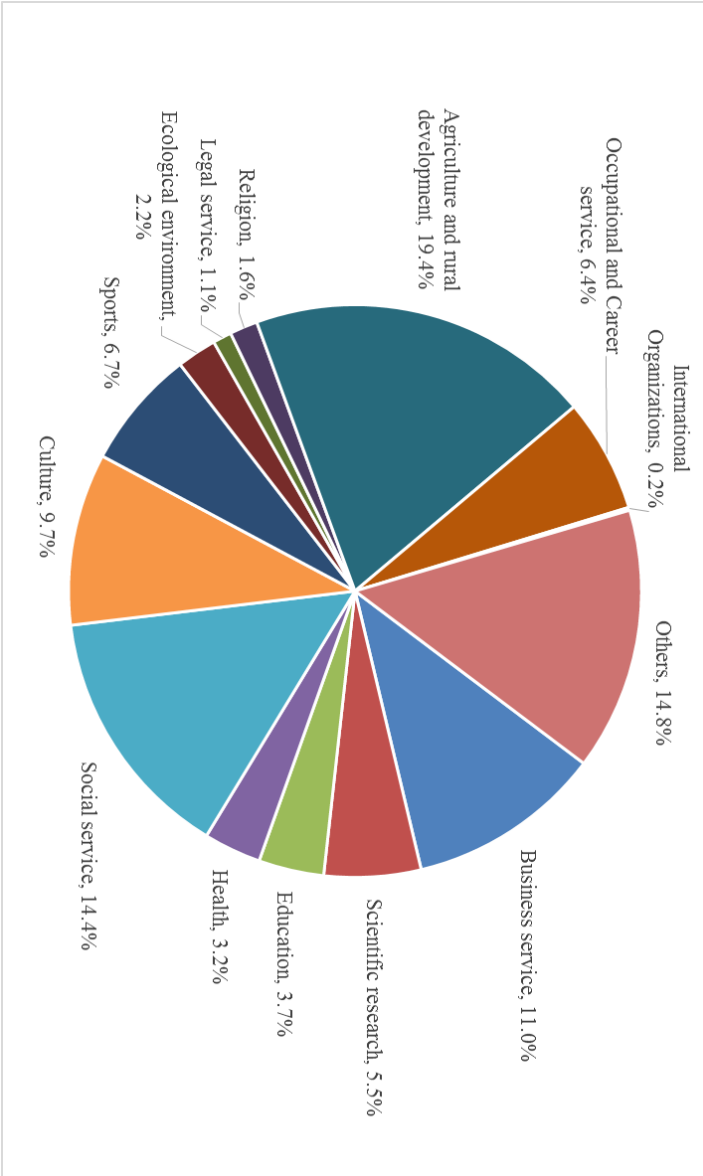
With regard to the sectarian spread of activities of the social organizations, their pattern is shown in Table VI-3. Among all the engaged areas by the social organizations in China, agriculture and rural development, social service and business services organizations turned out to be the top three groups, as shown in Exhibit VI-9.

Table VI-3: Sectarian Distribution of Social Organizations, 2014

Sector	Number	Percentage
Business service	34,099	11.0%
Scientific research	16,923	5.5%
Education	11,412	3.7%
Health	10,060	3.2%
Social service	44,630	14.4%
Culture	30,101	9.7%
Sports	20,848	6.7%
Ecological environment	6,964	2.2%
Legal service	3,270	1.1%
Religion	4,898	1.6%
Agriculture and rural development	60,202	19.4%
Occupational and Career service	19,867	6.4%
International Organizations	516	0.2%
Others	45,946	14.8%

Source: Statistical Report of Civil Administration Development of P.R.C, 2014

Exhibit VI-9. Typology of China social organizations based on their Engagement, 2014



Source: Statistical Report of Civil Administration Development of P.R.C, 2014.

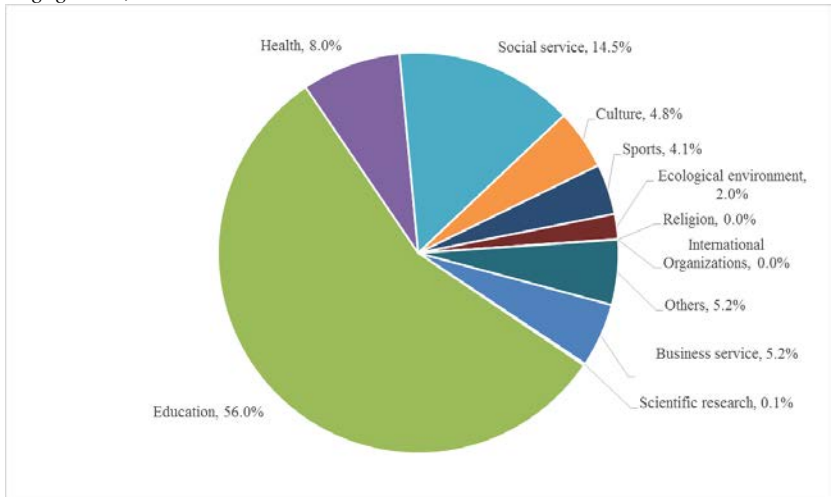
6.2 People-Run Non-Enterprise Units

The total number of people-run non-enterprise units in 2014 was 292,195, an increase of 14.73%. With regard to the sectarian spread of activities, their pattern is shown in Table VI-4 and Exhibit VI-10 as follows:

Table VI-4: Sectarian Distribution of People-run Non-enterprise Units, 2014

Sector	Number	Percentage
Business service	15,110	5.2%
Scientific research	398	0.1%
Education	163,681	56.0%
Health	23,404	8.0%
Social service	42,244	14.5%
Culture	14,148	4.8%
Sports	11,901	4.1%
Ecological environment	5,915	2.0%
Religion	82	0.0%
International Organizations	4	0.0%
Others	15,308	5.2%

Exhibit VI-10: Typology of People-run Non-enterprise Units based on their Engagement, 2014



Source: Statistical Report of Civil Administration Development of P.R.C, 2014.

6.3 Foundation

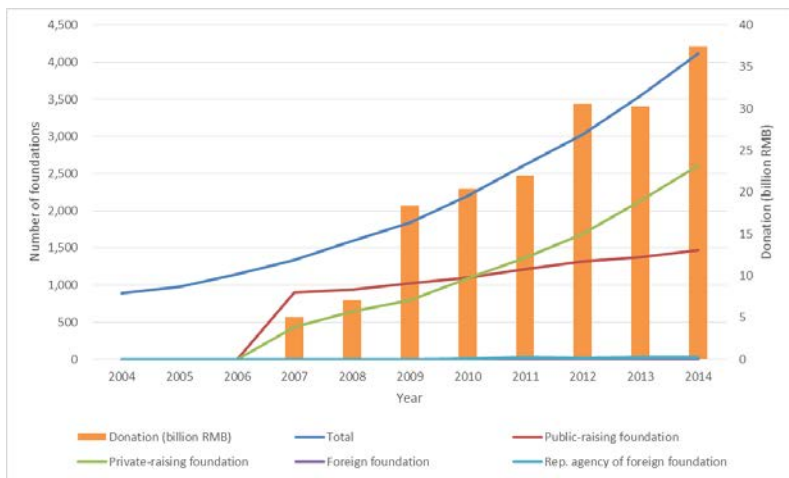
Charity foundations are divided in two categories depending on their sources of fundraising: public raising and non-public raising. Assets and incomes of foundations are not permitted for distribution among managers, donors or council members. Public raising foundations will have to obtain qualification from the government agency, and the fundraising plan will also have to be authorized by the government agency. Non-public raising foundation is only allowed to raise funds among targeted circles such as sponsors and council members. According to Charity Bluebook 2016, by the end of 2015, there were altogether 4,871 foundations in China with an annual growth rate of 14.94%⁴⁹,

⁴⁹ Charity Bluebook: China Charity Development Report (2016), Social Science Literature Press; the figure is 4,719 for the same period as posted by the official website of Chinese Civil Organization website sponsored by the State Administration of Civil Organization. <http://www.chinanpo.gov.cn/1938/96202/nex-tindex.htm>

enjoying a more robust growth than the 2 other kinds of civil organizations. Its net asset value increased from RMB10 billion to RMB110 billion in one decade (2005-2015).⁵⁰ Among these, private-raising foundations represent the largest group of 68%, followed by public-raising foundations of 32%. These two types of foundations have raised donations of 30.57 billion RMB throughout the year.

From the annual-growth point-of-view, the private-raising foundations have witnessed a steeper growing curve than other types of foundations in China, thus contributing more to the total number and donations received, as illustrated in Exhibit VI-13 and Table 4.

Exhibit VI-13: growth of foundations in China, 2004-2014



⁵⁰<http://www.chinanpo.gov.cn/1938/96202/nextindex.htm>

Table 4: Annual data of China foundations, 2004-2014

	2014	4,117	1,470	2,610	9	28	37.43
	2013	3,549	1,378	2,137	8	26	30.29
	2012	3,029	1,316	1,686	8	19	30.57
	2011	2,614	1,218	1,370	-	26	21.97
	2010	2,200	1,101	1,088	-	11	20.39
	2009	1,843	1,029	800	-	-	18.36
	2008	1,597	943	643	-	-	7.07
	2007	1,340	904	436	-	-	5.07
	2006	1,144	-	-	-	-	-
	2005	975	-	-	-	-	-
	2004	892	-	-	-	-	-
Total							
Public-raising foundation							
Private-raising foundation							
Foreign foundation							
Rep. agency of foreign foundation							
Donation (billion RMB)							

Source: Statistical Report of Civil Administration Development of P.R.C, 2004-2014.

INTERNATIONAL NGOS AND FOUNDATIONS IN CHINA

7.1 Entry and Performance

International NGOs (INGOs) are non-governmental organizations from foreign countries including those from Hong Kong, Macao and Taiwan. They first entered China after the Reform and Opening-up policy was enforced. Ever since the 1990s, INGOs stepped up their activities in China and have achieved considerable influence.

By 2008, nation-level welfare foundations were 1,843, an annual increase of 15.4%. Among them, public funding foundations which could raise funds from the public, was 800, and non-public funding foundations which are only permitted to raise funds from private circles were 800, other foundations registered with the Ministry of Affairs was 148. Total funds raised by public and non-public funding foundations amounted to RMB18.36 billion.⁵¹ Among these, more than 200 renowned INGOs have entered China. The amount of funding flew into China through these INGOs has reached USD200 million each year.⁵²

As of 2016, according to the press lease by the National People's Congress, there are over 7,000 INGOs who are actively engaged in

⁵¹ Note: since annual inspection is conducted every end of June, the data indicated the figures in 2008.

⁵² Jin B., "The Influence of INGO's Activities in China", *Yunnan Social Science*, 2008(4)

multifarious fields such as environmental protection, scientific research, education and cultural exchange within China.⁵³ Their activities cover more than 20 sectors including poverty relief, aid to the handicapped, environmental protection, public health and education. (i.e. Table VII-1) The regional distribution of INGOs' projects shows a pattern of polarization: they concentrate on either those big cities like Beijing and Shanghai, or in those remote hinterland areas like Tibet, Yunnan and Qinghai. INGOs from the United States take the leadership position both in number and in the amount of funds brought in. For example, Ford Foundation was among the first group of INGOs who entered China and has continued to provide funds in excess of \$10 million on annual basis.⁵⁴ (Exhibit VII-1.)

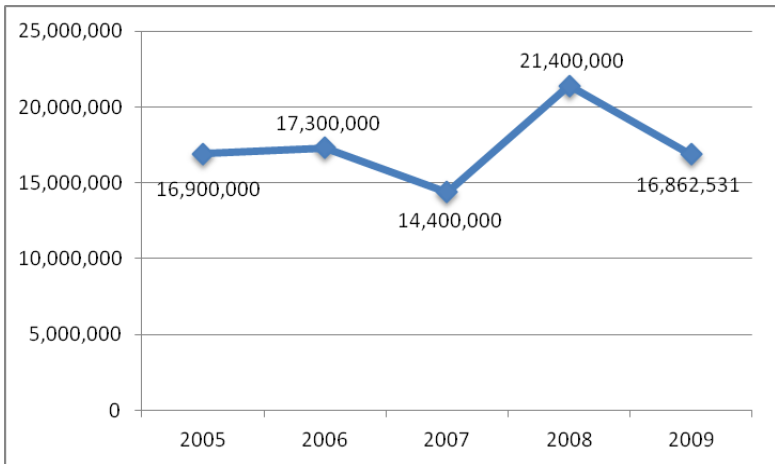
Table VII-1: Issues and Initiatives of Ford Foundation in China

Issue	Initiative
Democratic and accountable Government	<ul style="list-style-type: none"> • Strengthening civil society • Promoting transparent, effective and accountable government
Human rights	<ul style="list-style-type: none"> • Reforming civil and criminal justice systems
Sustainable development	<ul style="list-style-type: none"> • Expanding community rights over natural resources
Educational opportunity and scholarship	<ul style="list-style-type: none"> • Transforming secondary education • Advancing higher education access and success
Sexuality and reproductive Health and Rights	<ul style="list-style-type: none"> • Sexuality and reproductive health education

⁵³<http://mt.sohu.com/20160304/n439368341.shtml>, 2016-03-04

⁵⁴ibid.

Exhibit VII-1: Funds Approved by Ford Foundation in China, 2005-2009



Source: Ford Foundations Annual Report, 2005-2009

The entry modes of INGOs into China include:

- Establish regional headquarter in Hong Kong or Macau, and supervise project operations in the mainland;
- Establish representative offices in Beijing, or get affiliated with local institutions, e.g., the representative office of Ford Foundation is affiliated with the Chinese Academy of Social Science;
- Establish offices in cities other than Beijing (for several reasons, the city of Kunming has become the sweet spot for INGOs);
- Establishing project offices (official registration not required);
- Register at the industrial and commercial bureau as enterprises, e.g. Nature Conservation (U.S.);
- Engage in project cooperation with Chinese government or local institutions or NGOs with government background (registration not required);
- Apply for “Service Permit for Foreign Expert” by foreign individuals from the National Bureau of Foreign Experts Affairs;

- Sign “Memorandum of Understanding (MOU)”, e.g. there are over a dozen of INGOs who signed “MOU” with NGOs in Yunnan province to cooperate on project basis.⁵⁵

INGOs in China share 3 characteristics: (1) a focus on philanthropy, such as calamity relief, poverty alleviation, education and Health; (2) a focus on remote areas immensely populated by ethnic groups; and (3) partnering with government. In the recent years, INGOs have exerted a fair influence in the areas of poverty alleviation and environmental protection. Yunnan, at the southwest part of China bordering Burma and Thailand, populated by a variety of ethnic groups, has remained the hottest spot for INGOs with a representation of more than 70 developed countries.⁵⁶

7.2 Attitude toward INGOs

INGOs are warmly received by local villagers not only for the wealth and technologies they bring in, but more importantly for their fresh knowledge and vision of the world. This is recommended as a fine model for China’s west development campaign.⁵⁷

The Chinese government views INGOs with lukewarm interest mixed with suspicion. For decades, many INGOs have brought to China not only financial support, but more valuably, knowledge, management expertise, and of course, global vision. They’ve also helped China to establish second-track diplomacy by enhancing people-to-people communication and exchange, to which the government begins to attach greater importance. However, suspicion is never off guard as certain

⁵⁵ Ma Qiusha, *Globalization, INGOs and the Development of Chinese NGOs*, *Open Times*, 2006, Vol. 2, P.124.

⁵⁶ Li erping, *INGOs from Multiple Perspectives*, *Journal of Public Administration*, 2006, Vol. 3, P.125.

⁵⁷ Ma Guofang, *Studies on the Development of INGOs in Yunnan*, *College Journal of Public Administration*, 2004, Iss.2.

INGOs may turn out to be Trojan horses or black hands that have the hidden intention to infiltrate western values, or support those citizens to transform China beyond the comfort zone of this one party-state.

Without specific regulation on the registration of INGOs, like many Chinese NGOs, most foreign groups have been operating in grey areas. That may not be a bad thing as it coincides with Chinese practice in the open-door policy in the economic sector where new practices are tolerated before the government really knows how to guide and manage them in a fair and conducive way.

The lack of trust in INGOs is largely attributable to the ill knowledge on the Chinese parties. That is exactly the reason why engagement is so necessary by INGOs to communicate with and even educate the Chinese legislators and government officers in a more creative and constructive manner in addition to other stakeholders.

7.3 New Law on INGOs

In April 2016, the National People's Congress enacted the Law on the Administration of Activities of Overseas Non-Governmental Organizations within the Territory of China, to take effect on January 1, 2017. By definition, foreign NGOs refer to those non-profit and non-government social organizations legally established outside China, such as foundations, civil organizations and think tanks.

While this law serves to enhance regulatory transparency, it has aroused concern around the world because it is generally viewed as a contentious grip on INGOs. In the first place, they have to prove their existence and engagement of substantive activities for a minimum of 2 years before they are eligible for registration in China. To qualify legitimate activities in China, INGOs will not only have to formally register under public security authorities while their business operation is supervised by the line of Ministry of Civil Affairs. They are also required to enlist the approval of two domestic organizations as sponsors who are

held accountable by the Chinese authorities for the supervision of their operations. They are not permitted to set up branch offices anywhere in China. Their annual plan will have to be submitted to the supervisory organization for approval before each end of the previous year. Within 10 days of such approval, the annual plan will be filed with the registration organization on record. All financial activities will have to go through the bank account registered with the Chinese government, and financial reports have to be audited by Chinese firms.

Those INGOs who do not wish to register with Chinese authorities will have to seek prior approval on project basis 15 days in advance. The duration of such project is limited within 1 year, extension of which will entail separate approval. In addition, they have to operate in partnership with and use the bank account of a Chinese organization, while the latter handles the approval process. In other words, they are neither permitted to operate independently nor develop membership. Documents required for approval are the following:⁵⁸

1. Documents on the legitimate establishment of the organization;
2. Written agreement with a Chinese partner organization;
3. Name, mission, region and duration of the project to be engaged;
4. Budget, source of finance and bank account of the Chinese partner;
5. Approval document obtained by the Chinese partner.

With tightened scrutiny, those groups with business line in politically sensitive fields such as human rights (workers' rights, ethnic rights), religious belief, media freedom, judicial justice (training of lawyers and judges) are likely to encounter difficult time for approval. The Chinese partner is required to file summary report with the registration authority within 30 days after the project is completed. Chinese parties and individuals who are associated with INGOs are fearful of the stringent pro-

⁵⁸http://news.xinhuanet.com/politics/2016-04/29/c_1118765888.htm

cedures, as well as the freewheeling police review and conversation expressly authorized by this law.

This law lays out explicit requirement on INGOs over issues of documentation, timeline, action items, and ensuing penalties in case of violation, but like many other legislations, it does not clarify the timeline and process that the supervisory organizations and government authorities need to abide by in order to ensure their effectual responsibility. In terms tax liability, the law employs a rather vague term: representative agencies of INGOs are entitled to “policies such as tax preferences on the strength of laws”.

It is worth noting that foreign research or academic organizations such as schools, hospitals and engineering institutes who conduct exchange and corporate with Chinese counterparts are not governed by this law - beholden to “relevant provisions of national law.” Thereby, there is good reason to predict that more and more Chinese organizations will seek cooperation with overseas academic institutions who will engage with INGOs in order to circumvent the rigid stipulations of this law.

INTERNET & CIVIL SOCIETY

Since the mid-1990s, information and communication technologies (ICT), especially the world-wide-web (www), has made its way into every corner of the globe enjoying robust growth in the number of users and variety of contents available. It is not only information that rises as a key economic and economical resource, but most significantly the emergence of a completely new public sphere over the web-based media for equal voice that bears diachronic implication for social and political democratization. While information control is the cornerstone for despotism, the ability to share and communicate information is central to the activity and impact of social organizations. By the dawn of the 21st century, the information age has emerged to embrace every facet of our lives economically, politically and socially. The huge number of netizens (net-citizens) is equipped with the “invisible hand” or new and powerful platform to participate in the process of political progress and policymaking in China. In a nutshell, the e-participation has become an important channel for popular expression and political engagement, which is innovative and unconventional.

8.1 Chinese Netizens

Unlike other socialist countries such as North Korea and Cuba, there was never a hesitation or reluctance for China to embrace the digital

technology. On the contrary, China is ready to take advantage of the IT era to leapfrog its national development drive and narrow the gap with advanced countries. According to the 33rd Statistical Report on China's Internet Development issued by China Internet Network Information Center (CNNIC), internet coverage reached 45.8% in China by December 2013. The number of netizens surged to 618 million witnessing an annual growth of 19.1%, among which 500 million are connected via mobile devices.⁵⁹ On-line access is no longer reserved for the rich and privileged. Information is no longer reliant on the conventional media yet largely controlled by the state. More significantly, people gather together in this virtual community and quickly share information and opinions over various political, social and personal issues based on individual preference. Illegal and unsavory cases that are beyond the reach of CCP disciplinary surveillance or judicial enforcement are quickly exposed and followed. Besides commercial puff by businesses, pranks, ridicules and barbed comments by individuals and institutions, they have more freedom to vent their anger and frustration in ways that may not be so politically correct so long as they assail the CCP and the regime. Consensus over the cyberspace has time and time again reached its peaks and generating significant social influences. During the occasions of torch-relay of the 2008 Beijing Olympics, the "Fan-who-escapes"⁶⁰ affair in the Hanzhong earthquake, group incident in Wengan (Guizhou Province), iron ore mine landslide in Loufan (Shanxi Province) and "South China Tiger" incident, the cyberspace has served as an essential

⁵⁹China NewsNet, January 17, 2014, <http://finance.chinanews.com/cj/2014/01-17/5747926.shtml>

⁶⁰Fan Mei-zhong, a.k.a the "Fan-who-escapes", became a senior high school teacher after graduating from the history department of Peking University, later resigned because of controversial expressions during the class, after which traveled to a number cities as a journalist and educator. When the Wenchuan earthquake took place in 2008, Fan, who at the time was a teacher at a local school, escaped from the classroom before helping the students to evacuate, which has triggered a heated public discussion on the professional ethics of educators.

venue for the expression of public opinions. The upsurge of public voices in the cyberspace has continued its dynamism in 2009, increasing number of netizens actively participated in the online discussions of public affairs and expressed opinions including the “Deng Yu-jiao Case”⁶¹, “Yunnan Hide-and-see Incident”⁶² and “fishing-style law-enforcement in Shanghai”. According to the “Report on Internet Public Opinion, 2010”, China has become one of the few “super magnetic field” for public opinions in the world; once an incident get exposed on the internet, it quickly ignites heated online discussion. A number of occasional cases have been pushed to various levels of official attention and pressurized the government for response, and even the intervention from the judicial departments. The key words of civil servant, corrupted officials, police force, urban management officers, justice, state-owned enterprise, the rich, laid-off employee, petty dealer, peasant-worker, housing price, CPI and the like have overwhelmingly become the easy triggers of public debate over the internet.

8.2 E-Participation

From the macro perspective, the environment for public influence on policies is constituted by the unique channel of the public e-participation under the context of malfunctioning off-line gathering and freedom of speech. The “advance with times” slogan by the Party has elevated the legitimacy for a robust development of e-participation. Necessity is best driver behind capacity building. The burgeoning on-line business opportunities and on-line consumption patterns have accelerated public learning and reliance on internet access, marking their swift change of value,

⁶¹Deng Yu-jiao, a waitress at a nightclub in Hubei Province, stabbed a customer (a local civil servant), a harasser, to death on May 10th 2009. Deng was arrested for suspicion of murder, which has raised much public concern and heated online debate on whether she should be sentenced. The case was tried one month later and Deng was released as innocent on the merit of self-defense.

⁶²Prisoner abused to death by policemen.

attitude and lifestyle (VALS). The rapid progress of information technologies, 3G, cloud computing, broadband, free Weibo and Wechat, among others, establishes and enhances the feasibility of e-participation.

The development history of China's e-participation could be divided into 4 major stages (Zhu, 2010)⁶³:

1. 1994 to 1998 represented the incubation and launching stage for China's e-participation progress. The first bulletin board system (BBS) was launched in May 1994 –“Dawn BBS (*Shuguang* BBS)” setting the first cornerstone for online public forums in China. At this stage, China's internet technology was still at its infant stage with very few netizens and focusing on the functions of scientific research, however, there were star-light debates on the public affairs and political progress.
2. The “bbs.people.com.cn” (*Qiangguo* forum) which was launched by the People's Daily on May 9th, 1999 (the prototype of the forum was the first of its kind focusing on political news in China – the “Anti-violence forum against NATO's bombing of Chinese embassy in Yugoslavia”), represented the beginning of the next stage of public e-participation, characterized with irrational public on-line debate mixed with emotional release and certain critical thinking. At this stage, the public e-participation mainly focused on the safeguarding of legal rights after the relevant incidents, whereas the proactive supervision of authority was still missing which hindered the major functions of public e-participation. On the other hand, the government and its agencies have taken a relatively conservative attitudes towards the public opinions expressed in the cyberspace; in the presence of the public comments on the state actions and public affairs, the “official voice” appeared to be rather vague and passive.

⁶³Zhu, L. (2010). “On public opinion and government response”. Jilin University.

3. From 2003 to 2008, that public e-participation in China has hit its speed track. The “Sun Zhi-gang Incident”⁶⁴ has been marked as the milestone for e-participation progress, during which the public opinion on the cyberspace has substantially influenced the decision-making process of the public policy. Thereafter, the netizens have enthusiastically participated in the on-line debate concerning many public affairs and policies, and the accumulated on-line public opinion have generated active and proactive driving force towards the progress of both the incidents and policy-making. From-then-on, the public e-participation, as an external channel for public opinion expression, has joined in the active dialogue with “in-system” forces, incl. administrative organizations and conventional media.
4. From 2008 onward, the public e-participation is heading for its mature stage, where the participation pattern has shifted from emotionally biased towards rational and intellectual analysis, from concerns over specific incidents towards dilemmas in the public and social category, from safeguarding the legal rights after the incidents towards the supervision of act and civil duties of the administration. On the other hand, the public e-participation has received worthy attention from the administration, that the relevant departments and officials have been unprecedentedly

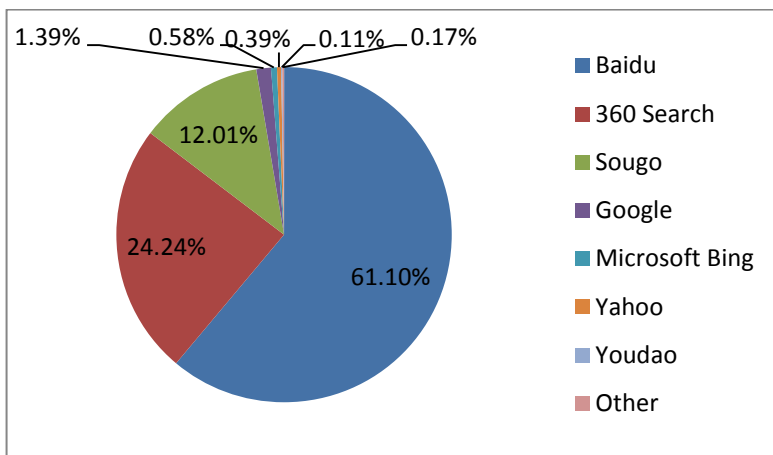
⁶⁴ On the night of March 17th, 2003, Sun Zhi-gang, who was employed by a company in Guangzhou, was stopped by the police on his way to the cybercafé because he did not have the temporary residence permit. Then he was held custody at the transfer station for “San Wu” persons (those without identification papers, a temporary residence permit and a source of income); on the next day, he was sent to the receiving and treatment station for the “San Wu” persons. There, Sun was beaten to death on March 20th by the personnel and the others at the station. The incident has raised much public concerns afterwards partly because the victim is a college student rather than a wanderer. Many influential media has covered this incident while digging up many similar tragedies, which has set off the public debate and criticism on the system of handling indigent migrants. 8 renowned scholars have submitted a statement to the national people’s congress requiring the constitutional review such controversial system.

joined the comprehensive dialogues. To date, the mutually beneficial interaction between the administration and the public e-participation process has emerged, where the cyberspace served as the bridge of mutual communication between the sides and the channel for the check and balance.

8.3 Social Media Platforms

Search engines are the primary gateway to the digital world. While market positions of various engines frequently reshuffle as a result of competition, after the evacuation of Google from mainland to Hong Kong in October 2009, Baidu began to enjoy absolute market dominance in terms of user rate. (Exhibit VIII-1.)

Exhibit VIII-1: Market share of Search Engines in China, February 2014



Source: <http://www.ssffx.com/SEOjishu/324.html>

The number of internet service portals has witnessed uncanny growth in the past 15 years. Founded in 1998 and listed on Hong Kong Stock Exchange in 2004, Tencent has created the largest internet crowd by its magic QQ Instant Messenger and WeChat. As of Dec 31, 2012, the active QQ users accounts for QQ IM amounted to 798.2 million

while its peak concurrent users reached 176.4 million.⁶⁵The Foxconn sweatshop case was first exposed in 2006 via QQ communication between two reporters of China Business News and the workers who were encapsulated by their employer.

Micro-Blog is a massive online platform for information sharing and communication from the end of the users who are able to upload and update short text messages (around 140 words). Twitter and Facebook are the most admired of this kind. With 288 million monthly active users, 500 million tweets are sent per day in 33 languages where 77% of accounts are outside the U.S.⁶⁶ Rapid expansion of such social media has allured huge interest from investors in such platforms. In Twitter's SEC disclosures, prior to its IPO in November 2013, the company said it has 232 million users. The largest social media service platform Sina Weibo which was created in August 2009 followed suit. The official obstruction of Twitter and Facebook creates a pent-up demand for such a local platform permissible by the government. Its IPO on Nasdaq on April 17, 2014 witnessed a surge of its stock price by 19.1% from \$17 to \$24.28 although it continued to suffer a deficit of \$38 million in year of 2013 and \$47 million in the first quarter of 2014.⁶⁷ Besides optimism over its growth potential, an important reason behind this enthusiasm among investors is their intention to support the independent identity of this social media under the Chinese context which the CEO of its parent company Mr. Cao Guowei would like to shape through public offering in the US.

By the end of first quarter 2015, user accounts over 8 million WeChat platforms reached 549 million, covering more than 200 countries in 20 languages.⁶⁸The unique property of WeChat is its ability to build a massive assemblage of users with friendly interface and support-

⁶⁵<http://www.tencent.com/en-us/at/abouttencent.shtml>

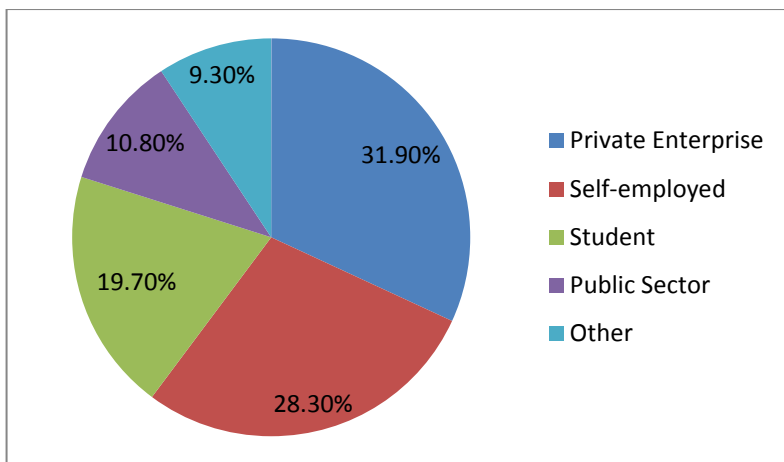
⁶⁶<https://about.twitter.com/company>

⁶⁷Weibo IPO Surge of 19%, Global Times, April 19, 2014

⁶⁸WeChat User Data Report 2015

ive to multimedia messages - texts, pictures and audio-video materials. WeChat platforms bear almost all features of a civil organization since they operate in a more organized fashion, with the organizer in the central position to maintain rules and order while supported by relatively stable participants. Plus, it is interactive in nature through which users can share information and socialize based on their common interest or concern. A large number of participants also regularly descend to off-line gathering. More attractively, there's no cost on the user side when investors are able to profit from creative add-on commercials. As shown in Exhibit VIII-2, an overwhelming majority of WeChat users are among the educated class with higher net-worth.

Exhibit VIII-2: Demography of WeChat users



Source: WeChat User Data Report 2015

The level of social concerns expressed via e-participation is in close parallel with the survey result conducted by Xiaokang Magazine in collaboration with the Media Survey Lab of Tsinghua University as shown in Table VIII-1. While food safety over the past 4 years stays banefully on the overarching concern, corruption issue has risen to the top 3. It is interesting to note that environmental protection since 2013 and social morality in 2014 entered into public horizon, which portends

a widened horizon of Chinese concerns beyond their immediate personal interest. As social welfare quickly spreads under the new government, concern over wealth gap and the ensuing call for income distribution reform begin to wane. However, with rising labor cost and economic slowdown, employment has appeared among the top 10 concerns since 2014.

Table VIII-1: Ranking Top Concerns among Chinese Public Opinions

Year	2012	2013	2014	2015
Food safety	1	1	1	1
Corruption	3	2	2	3
Consumer price	2	7	3	7
Housing price	5	5	4	5
Medical reform	4	3	5	2
Wealth gap	6	4	6	4
Environmental protection		8	7	9
Employment			8	6
Social security	7	6	9	8
Social morality			10	
Education reform	8			10
Income distribution reform	9	9		
Housing reform	10	10		

Source: data gleaned from media reports based on www.Chinaxiaokang.com.

In 2013, user rate over micro blogs, online networks and forums experienced a considerable drop. For instance, micro bloggers decreased by 9.2%, 27.83 million in number. This is mainly attributable to the substitution effect resulting from the surge of mobile instant messaging (MIM) which enjoyed 532 million users, an increase of 86.2% (4.4 million) over the previous year. The popularity of MIM does not only derive from the shift of communication from the computer to the mobile

end, but more significantly is due to technological innovation that has dramatically expanded and, in a sense, transformed the mobile handsets from a wireless communication device to a cohesive and multifunctional network weaver via instant and voluminous toll-free information sharing among an enlarged internet population (referred to as “friendship circle”). Its increasingly expanded utility via mushrooming APPs in vending, shopping, financing and credit recording, crowd funding, has led to excessive reliance on, and to certain extent, addiction to mobile sets.

8.4 Government Attitude

Conventional media - newspaper, journal, radio and TV - have been under the comfortable grip by the CPC line and the respective government agencies. Such control is warranted by a triple-bottom system: prior approval over the establishment of media organizations and the media channels, content censorship before publication, and identified responsibility upon an officer in charge. Any tincture of heresy is swiftly intercepted and stamped out by an army of censorship. The thrust of e-media has spurred a shockwave to regulators not only due to its unruliness at home, but rather the penetration of global or western social media platforms such as Twitter and Facebook. Circumvents of these blockages have to rely on VPN (Virtual Private Network). In September 2000, the State Council promulgated the first Regulation over Internet Information Service which distinguished commercial service from non-commercial service. The former requires license while the latter requires registration. In addition, special information services such as journalism, publication, education, healthcare, medicine, requires prior approval by the particular line of administration. At the beginning of 2015, Chinese government tightened its blockade to VPN services that let users skirt

online censorship of popular websites such as Google and Facebook amid a wider crackdown on online information with its Great Firewall.⁶⁹

During the early stage of e-participation, the government considered internet media as a service vehicle for information exchange. A decade later, its perception elevated to a cyber space that might endanger national security and public interest. This is reflected in the revision of the Regulation over Internet Information Service in 2013. Accordingly, its supervision and control was also centralized to the specialized agency - China Internet Network Information Center (CNNIC) - under the State Council. One crucial measure by this Revision is the introduction of ICP real-name registration system which requires information providers to register with their real name with phone numbers and IDs. Portal operators are vested with the obligation to record such information, which marks a shift in the function of these operators from service to supervision.

As the nation is accustomed to management by elite and control over all conventional media, the government is worried that rampant rise of grass root voices might be well disturbing. With time, it realized that the rise of internet does not necessarily mean a new challenge or confrontation with government authority. Plus, governments at all gradations are better situated with this new vehicle to exercise supervision and control by the deployment of internet police force blocking websites, filtering messages and taming website operators.

Governments at all levels are also quick learners and users of the web space, not only by spreading online propaganda, but also engage in monitoring public opinions, and interact with the public addressing prevailing social concerns. They also realize that centralized policymaking process in the absence of popular participation will risk irrelevance, indifference and resistance. In addition, sensitive issues can hardly be

⁶⁹<http://www.chinapost.com.tw/china/national-news/2015/01/24/427305/China-blocks.htm>

tabled in the policy agenda. More worrisome is the policy implementation process at local levels where well-intended decisions are distorted in view of the stretched power distance. In such a promising context, the on-line forums, government websites, blogs and micro-blogs have become the primary channels for public e-participation.

Particularly after the Arab Spring, opponents to free internet access worry that people can easily get instigated and rally against the government. As a matter of fact, when exposed to more facts and different views, the public can quickly learn to balance their opinions. Nonetheless, in the year of 2013, the public e-participation has experienced tremendous changes. The administration has reinforced the management and control of the cyberspace during which some of the opinion leaders on the micro-blog were admonished. On the other hand, the cooling of e-participation on the micro-blog is in no time compensated by the emerging platform of WeChat⁷⁰ which has enjoyed robust growth in user community, together with the development of client software for the news agencies. The mobile internet has become another growth pillar for public e-participation and its information source.⁷¹ Increasingly, the administration employs micro-blog as one of the essential channels for press release, while many central media and party-held newspapers have opened micro-blog and more recently WeChat accounts, which have attributed to the transparency in the development of such incidents. The hotspots of public e-participation in 2013 include:

1. Governance over on-line rumors has received positive results;
2. Criminal justice and civic well-being become the hot issue of on-

⁷⁰Note: WeChat is the mobile phone based chatting software developed by Tencent Co., which has 40 million domestic users and 10 million overseas users in mid-2013. The users of WeChat could send text, picture and voice messages to their contacts. Because of its vast user community and efficiency, many conventional media (e.g. CCTV), companies (e.g. China Merchants Bank), administrative organizations (e.g. Guangzhou Police) have opened accounts and participated in the more customized communication.

⁷¹“Report on the Internet Development in China, 2010”, the People’s Daily

line debate;

3. The heat of anti-corruption issue spreads to junior and local officials;
4. Mobile communication applications such as WeChat have become major diverter of micro-blog users, and
5. The Edward Snowden case has motivated Chinese netizens' enthusiasm to participate in international affairs (see Appendix.)

The responsibility of policing and censorship over internet as well as communication in general is vested in the Ministry of Industry and Information Technology (MIIT). Protection over electronic data is primarily derived from the Decision on Strengthening Protection of Internet Information promulgated by CPC in December 2012. The Policy and Resource Committee of MIIT is an advisory body for the research and provision of regulatory proposals for the healthy development of the internet applications. China Internet Network Information Center (CNNIC) under MIIT is in charge of domain name registry across the country and allocation of IP addresses. The Anti-Phishing Alliance of China (APAC) is a partnership of online commerce stakeholders which includes banks and web companies against phishing activities that abuse .cn sub-domain names. The departure of Google search engine from Mainland China in 2009 was reportedly attributable to its unwillingness to bend to the excessive censorship of the Chinese authorities. In the face of internet technology, the government has to handle a delicate balance between the socioeconomic benefits and potential political risks.

By the end of 2013, government Weibo accounts reached 240,000 registering an increase of 26.3%, with half run on the platform of Sina.com. On April 1, 2014, the State Council announced a Notice on Key Points of Government Information Transparency, in which it reiterated the importance of spokesman-ship, government websites and administrative Weibo as strategic parts of information platform for the sake of pervasive spread of mainstream voices. It is also worth noting that near-

ly 1,000 blogs have been opened by CPC disciplinary agencies that are responsible for the misconduct, especially corruptive behavior of CPC members.

Table VIII-2: Micro-media by Government Agencies

	Government Agencies	Number of Fans	Number of Blogs	Level of Impact*
1	Ministry of Public Security	7,842,608	3,713	0.9,974
2	National Earthquake Agency	4,625,405	1,519	0.9,954
3	State Council	5,556,228	2,289	0.9,494
4	Supreme Court	5,995,062	1,438	0.9,335
5	Ministry of Foreign Affairs	7,128,320	1,071	0.6,734
6	Shanghai Government	4,716,501	4,238	0.6,290
7	Beijing Public Security Agency	7,840,623	6,909	0.6,196
8	Chengdu Municipal Government	5,876,152	5,421	0.5,055
9	Beijing Municipal Government	5,273,766	5,157	0.4,726
10	Henan Public Security Agency	5,293,922	4,650	0.4,658

Source: Report on Sina.com Government Micro Blogs, 2014

* Level of Impact is measured by the levels of dynamism and communicability

8.5 Civil society

The e-frenzy is expository of those unorganized commoners who want to take advantage of the cyber space as a window of opportunity to voice their opinions in anonymity when mainstream media is firmly

controlled and association heavily regulated by the state. While discussion has been focused on the impact of e-voice on government, its impact among people themselves shall not go unnoticed. May 3, 2015, a 35-second video aroused public attention when a male driver cornered a female driver onto the road shoulder in Chengdu and beat her up because she suddenly changed lanes ahead of him. However, e-voice has shifted the denunciation against the woman after she was exposed of habitual reckless driving.

The most recent brutal abuse of police power against a young man named Lei Yang has rattled the nerves over their fragile personal safety and civil rights among the rising Chinese middle class. Lei, age 29, holds a master's degree in environmental science from the prestigious Renmin University and worked for the China Association of Circular Economy, an environmental organization affiliated with the government agency National Development and Reform Commission (NDRC). Lei was suspected of prostitution at a foot massage parlor in Beijing. The violent arrest led to his death in 2 hours at the night of May 7, 2016. Prostitution as a shameful conduct could lead to destructive defamation under traditional value, but it is only punishable by law to 15 days' detention coupled with a maximal fine of RMB 5,000. The deluge of articles, comments and petitions precipitated by this case sets aside morality, but focuses on legality for justice. The police produced inconsistent stories and evidences in an attempt to cover the actual happening. It reminded people of a slew of similar cases in recent years which have fermented a public outrage against the improper exercise of public power over citizens. While prostitution is viewed as shameful conduct, particularly among the gentile class, a subtle shift is taking place in popular attitude from morality to legality, signifying a mounting quest for the rule of law.

PROSPECTS FOR THE CIVIL SOCIETY

Until today, the very notion of civil society is still a subject of controversy blended with biases for a draconian regime in China. More intriguingly, it seems that all succinct coinages devised by scholars are defunct when it come to the precise description over the contemporary Chinese socio-polio-economic system – totalitarianism, authoritarianism, pluralism, traditionalism, socialism, communism, or Marxism, even if they are modified by the prefixes of neo- or post-. Well, this is China model – socialist market economy with Chinese characteristics, behind which, a little bit of everything. Some still worry that civil society is poised to disturb social order and even upend existing political status quo. In the eye of the hardliners, concepts like civil society, universal value, press freedom, human rights and judicial independence are subject for dismissal in the political dictionary. Western plot, more often, an enemy without, is constantly hounded with rigorous zeal. This is reflected in the recent perverse provisos introduced on the entry and activities of INGOs, purportedly convenient instrument to embroil in the dissemination of western influence. To the confusion and even disappointment of some observers, recent history has shown that the Chinese monolithic society holds amazing cohesion and tenacity against the backdrop of many unwonted phenomenon underway. Despite of the oscillation of government attitude in different stages, the positive role of civil organizations has been repeatedly affirmed by various documents and political

leaders in China. In the continuous reform process marked by deregulation and liberalization yet coupled with accentuated emphasis on social and political stability, the paradigm of Chinese NGOs is experiencing an efflorescence in response to the unfolding circumstances and their inter adolescence. It is too early to foretell in which trajectory they shall evolve. However, one thing is certain: they are growing and reconfiguring, but they may never, and do not have to, meet the standard definition in the liberal western textbook.

9.1 Reform of *Hukou* System

Social equality and urban life are the basis on which NGOs find its critical role. The rapid pace of urbanization continues to change China's demographic distribution. It's not only the increase of sheer number of city dwellers, but more profoundly is the loosening of the *hukou* system that impacts on the shaping of Chinese civil society. As noted in Chapter III, the *hukou* system that has persisted for more than 2 thousand years presents the most malignant institutional segregation among the same race and same nationality, and is viewed as a mockery for either a socialistic or modern society. The recently released Blueprint for National Urbanization (2014-2020) noted that 234 million migrant workers together with their family members have been denied of equal access to basic urban amenities such as education, employment, medical care, retirement, and economy housing. As a result, they are unable to get assimilated in urban communities, although they are already the mainstream workforce in manufacture, construction and low-end services.

As a matter of fact, China's rise in economic might and global competitiveness in trade during the past 3 decades was largely fueled by the abundant supply of cheap labor force from the countryside, hence the rapid development of labor intensive industries.



Construction site by migrant workers

Such demographic dividend is actually derived from unfair treatment to those migrant workers. Now, the Chinese government is resolved to phase out the dichotomy between rural and urban life, and views urbanization as the primary path to modernization and social progress. In near term, it helps to restructure national growth portfolio by boosting infrastructure development and the service sector. The share of service in GDP shall increase from the current 50.5% to 56% by 2020 at an annual rate of 5.5%. One approach is to convert a portion of urban dwellers without *Hukou* into citizens, and the other is to grow local villages into urban towns.

Table IX-1: Rate of Urbanization by the 13th Five-Year Plan

	2015	2020	Annual Increase
Permanent residents	56.1%	60%	3.9%
Local Residents	39.9%	45%	5.1%

9.2 Delinking GNOs from Government

As defined in Chapter II, industry associations and chambers of commerce linked to government agencies are part and parcel of the GNO (government sponsored nonprofit organization) category. They have long served as soft landing platforms for government officials seeking graceful retirement. The retiree's experience and network would be invaluable assets to the society if they are put into proper and legiti-

mate utility when their health condition permits. Nonetheless, the likely power abuse to prepare for graceful retirement when they are still in active positions, the intricate tentacles maintained within the power circle after retirement, the function of a convenient wallet interlocked for related officials, have woven a hotbed for corruption which has caused increasing public agitation. Retirees to the leadership position of such quasi civil organizations are defensive of their official rank, acting in the air of ministers or bureau directors.

There are nearly 800 national level associations and chambers of commerce under the auspice of 57 supervisory government agencies.⁷² Chinese central government has set about changing the situation by uprooting these organizations from the bureaucratic system, and transforming them into real civil organizations with sound governance. As an integral component of deepening reform and transformation of public administration, on June 30, 2015, the CCP central committee and the State Council announced the Blueprint on the Detachment of Industry Associations and Chambers of Commerce from Administrative Agencies. The document recognizes the positive role of such GNOs in providing advice to the government, service to enterprises, optimizing allocation of resources, strengthening industry self-discipline, reinventing social governance, and performing social responsibility. But in the meantime, it points out their critical shortfalls with regard to the blurred line with government, ill division between administrative and operational roles, inadequate governance, insufficient supervision, lack of innovation, and improper function.

Against these challenges, the first move in this pilot reform is to sever their link with the government agencies with respect to finance and personnel management, allowing a specified transitional period until the end of 2017. Thereafter, the revenue of such GNOs will be earned from catering to government procurement of services. The second step is to

⁷² <http://www.chinanpo.gov.cn/1938/98130/index.html>

define a demarcation line between government agencies and such GNOs and deprive them of the administrative function. While supervisory responsibility is still maintained by the government agency, the GNOs are allowed to make independent decisions as a nonprofit legal entity in accordance with their own charter. The document also indicates the possibility of engaging third party professional supervision. The third step is to clarify property rights both over ownership and possession between the GNOs and government agencies with an eye on preventing the loss of state asset while supporting the continuous operation of GNOs. In order to obstruct power leverage, government agencies are forbidden to recommend or impose anybody on the payroll of GNOs, and government officials are prohibited to take positions with GNOs within 3 years of their retirement.

The detachment is conducted by phases with the first batch 148 and second batch 144 identified for initial experiment.

9.3 Tightening Media Control

Top priority has been given and constant oversight has been exercised over political ideology across the nation where the party propaganda departments dominate media at all levels. With the rise of new media, it is undisputable that cyber space should not tolerate the abuse of freedom of speech and expression to the detriment of the society. In the spate of rapid social transformation and declining economic growth, the government is getting increasingly vigilant against contentious opinions that might trigger public agitation or fright. National leaders are resolved to maintain political stability even at the cost of what is considered as personal freedom. Such is believed to be the prerequisite to roll out their ambitious programs in domestic reform and global expansion. Dozens of laws and regulations involving large number of government agencies both at the central and local level have been produced in an attempt to ramp up internet scrutiny. The ninth amendment to PRC

Criminal Law in 2015 demonstrated the toughest approach against wrongdoers with a penalty up to 3 years' imprisonment. However, its implementation has largely been focused on political discourse, while ricocheting pornography, false advertising, counterfeits and even violence ironically receive considerable leniency. The spread of rumors is left more open for free interpretation.

9.4 The Role of CCP

In September 2015, the executive office of CCP central committee issued Opinion on Strengthening the Party Construction within Social Organizations. The position of CCP group is defined as the adamant beachhead of the CCP within social organization with vested responsibilities as follows:

1. To ensure political trajectory. To propagate and implement directions and policies of CCP by organizing political studies, edifying compliance and integrity among all members of NGOs;
2. To rally political support. To edify and guide all staff toward political consensus by infusing positive energy, and to defend their rights and interests;
3. To accelerate business development. To invigorate the morale and sense of ownership among staff, to assist social organizations in improving governance and management, and guide them in participating social governance, providing public service and accept social responsibility;
4. To build advanced culture. To introduce socialist core values into the organizational culture, to organize exciting cultural activities, to educate staff to conscientiously restrain negative disposition, and to fight against wrongdoings;
5. To nurture human resources. To raise morality and human capacity, and to support entrepreneurship by talents of various exper-

tise;

6. To enhance capacity of the CCP groups. To build proper political structure and improve its work mechanism, to comply with party discipline and ensure all members perform their duty, and to engage in anti-corruption effort.

Although the manifest objective is to further integrate the leadership of CCP with the legitimate autonomy of social organizations, some would harrumph that it may poise yet another bout to swathe NGOs which are supposed to operate on neutral ground. While the CCP outfit is mandated to lead routine activities in trade union, youth league and woman federation within the civil organizations, those faith-based NGOs may brace for shenanigans when the atheist CCP outfit is firmly at the helm. The preamble (Article 5) in the Registration Regulation for Civil Organizations issued by the State Council in 1989 makes clear that the state protect social organizations to carry out activities according to their charters, and they stand no illegal interference from any other organizations and people. Politically, central party decisions prevail all laws and regulations, and technically, such apparent contradiction is left to the interpretation of what constitutes “illegality” inserting party leadership.

Social progress is enabled by paralleled forces of integration and differentiation. Chinese dynastic history revolved around a cycle along which generations of despotic rulers were superseded by uprisings from the bottom. This can be largely explained by the absence of effective civil society which is able to mediate the caprice between the rulers and commoners. Nonetheless, does China have to follow the check and balance mechanism between for three forces – market, state, and civil society – as advocated in the textbook of political science? Can China find a unique path of codependence among these force with its traditional legacy and rapid pace of globalization?

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APPENDICES

Appendix 1: Laws, Regulations & Policies Concerning Civil Organizations in China (National Level)

No.	Promulgation Date	Title	Department
1	1949.9.29	Common Program of the Chinese People's Political Consultative Conference	Chinese People's Political Consultative Conference
2	1950.6.28	Trade Union Law	Central People's Government Commission
3	1950.7.14	Peasant Associations General Clauses	Government Administration Council
4	1950.7.17	Charter of Chinese People's Relief Association	Government Administration Council
5	1950.9	Interim Regulation on Social Organization Registration (Expired)	Government Administration Council
6	1950.12	Policy Decisions of Government Administration Council on Cultural, Educational and Relief Institutions and Religious Organizations Accepting U.S. Subsidy	Government Administration Council
7	1950.12	Registration Regulations on Cultural, Educational and Relief Institutions and Religious Organizations Accepting	Government Administration Council

No.	Promulgation Date	Title	Department
		Foreign Subsidy and Operation	
8	1951.1	Implementation Measures for Cultural, Educational and Relief Institutions and Religious Organizations Accepting Foreign Subsidy and Operation	Government Administration Council
9	1951.3	Implementation Rules for Interim Measures on the Registration of Social Organizations	Government Administration Council
10	1954.9.20	1 st Constitution	National People's Congress
11	1988.9.27	Regulations for the Management of Foundations (Expired)	State Council
12	1989.6.14	Provisional Regulations on Control of Foreign Boards of Commerce	State Council
13	1991.2.26	Measures for Administration of Foreign Economic Relations and Trade Social Organizations	Ministry of Foreign Trade and Economic Cooperation (incl. Former Ministry of Foreign Economy and Trade)
14	1991.5.6	Implementation Measures on Registration of Religious Social Organizations	State Council
15	1992.4.3	The Trade Union Law (Revised)	National People's Congress
16	1993.10.31	Law on the Red Cross Society (Revised)	Standing Committee of the National People's Congress

No.	Promulgation Date	Title	Department
17	1993.10.18	Regulations on Stamp Administration of Social Organizations	Ministry of Civil Affairs, Ministry of Public Security
18	1995.7.10	The Announcement of Issues Concerning Social Organizations Conducting Business Activities	Ministry of Civil Affairs
19	1996.1	Regulations on the Utilization of Red Cross Emblem	State Council、 Central Military Commission
20	1998.1	Provisional Regulations for the Registration Administration of People-run non-Enterprise Units	State Council
21	1998.6.12	Interim Measures on Management of Social Organizations Administered by the Ministry of Civil Affairs	Ministry of Civil Affairs
22	1998.10.25	Act on Registration and Administration of Social Organizations	State Council
23	1999.4.16	Corporate Income Tax Collecting Management Approach for Institutions, Social Organizations, People-run Non-enterprise Units	State Taxation Administration
24	1999.6.28	Law on Donations for Public Welfare	Standing Committee of the National People's Congress
25	1999.9.17	Interim Provisions on Social Organizations setting up Special Fund Management Institutions	Ministry of Civil Affairs
26	1999.12.28	Interim Regulation on People-run Non-enterprise Unit Registration	Ministry of Civil Affairs

No.	Promulgation Date	Title	Department
27	1999.12.28	Interim Regulation on Title Management of People-run Non-enterprise Units Registration	Ministry of Civil Affairs
28	2000.1.19	Regulations on Stamp Administration of People-run Non-enterprise Units	Ministry of Civil Affairs, Ministry of Public Security
29	2000.2.13	Opinions on Accelerating the Achievement of Social Welfare	State Council
30	2000.4.10	Interim Measures for Banning Illegal Non-Governmental Organizations	Ministry of Civil Affairs
31	2000.5.24	Interim Measures on the Registration, Investigation and Administration of People-run Non-enterprise Units in the field of Science & Technology	Ministry of Civil Affairs, Ministry of Science and Technology
32	2000.10.10	The Announcement of forwarding the "Opinions on Strengthening the Construction of Social Organization" of the Organizing Department of CCCPC	Ministry of Civil Affairs
33	2000.12.5	The Announcement of Registration Exemption of Certain Social Organizations	Ministry of Civil Affairs
34	2001.2.23	Restatement for Supervisory Agency over Social Organizations	Ministry of Civil Affairs
35	2001.7.30	The Registration Measures for Branches & Representative Offices of Social Organizations	Ministry of Civil Affairs
36	2003.10.29	The Announcement of Printing & Distributing the Guidance on Strengthening the Development, Registration & Management of Rural Economic & Professional	Ministry of Civil Affairs

No.	Promulgation Date	Title	Department
		Associations	
37	2004.3.8	Regulations on Foundation Administration	State Council
38	2005.4.7	Measures for Annual Inspection of People-run Non-enterprise Units	Ministry of Civil Affairs
39	2005.11.16	Opinions on Supporting the Social Forces in Establishing Social Welfare Institutions	Ministry of Civil Affairs
40	2005.12.8	The Announcement of Promoting the Development of Philanthropic Civil Organizations	Ministry of Civil Affairs
41	2006.1.4	The Announcement of Promoting the Self-governing & Integrity Construction of People-run Non-enterprise Units	Ministry of Civil Affairs
42	2006.1.12	Measures for the Information Disclosure of Foundations	Ministry of Civil Affairs
43	2006.1.12	Measures for the Annual Inspection of Foundations	Ministry of Civil Affairs
44	2007.3.16	Enterprise Income Tax Law	National People's Congress
45	2007.5.13	Some Opinions of the General Office of the State Council about Accelerating and Promoting the Reform and Development of Trade Associations and Chambers of Commerce	General Office of the State Council
46	2007.5.16	The Announcement of Promoting the Innovative Development Piloting Project of Institutions in the fields of Science & Academics	Ministry of Civil Affairs, China Association for Science and Technology
47	2007.9.12	The Announcement of Issues concerning	Ministry of Civil

No.	Promulgation Date	Title	Department
		the Registration Administration of Social Organizations	Affairs
48	2007.9.30	Opinions on Promoting the Information Openness & Service Commitment of People-run Non-enterprise Organizations	Ministry of Civil Affairs
49	2007.11.21	The Announcement of Issues concerning Regulating the Charging of Social Organizations	Ministry of Civil Affairs, NDRC, Ministry of Supervision, Ministry of Finance, State Taxation Administration, State Council Office for Rectifying Malpractices
50	2007.11.24	The Announcement of Issues concerning Foreigners Work & Residence Permit Application of Foundations & Representative Institutions of Overseas Foundations	Ministry of Civil Affairs
51	2007.11.26	The Announcement of Optimizing the Registration & Administration of Private Colleges & Universities	Ministry of Civil Affairs
52	2007.12.6	Regulation on the Implementation of the Enterprise Income Tax Law	State Council
53	2007.12.29	Law on Individual Income Tax	Standing Committee of the National People's Congress
54	2008.1.29	Opinions on Comprehensively Promoting	10 State

No.	Promulgation Date	Title	Department
		the Service & Home-based Care for Senior Citizens	Ministries
55	2008.3.18	The Announcement of Issues concerning Endowment Insurance of Social Institution Personnel	Ministry of Labor and Social Security, Ministry of Civil Affairs
56	2008.12.31	Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Civil Affairs on Issues Concerning the Pre-tax Deduction of Pro Bono Donations	Ministry of Finance, State Taxation Administration, Ministry of Civil Affairs
57	2009.2.13	The Announcement of Piloting in Guangdong Province of H.K. & Macao Service Providers Establishing Handicapped Welfare Institutions in the form of Private Non-enterprise Organizations	Ministry of Civil Affairs
58	2009.3.10	The Announcement of Printing & Distributing the Implementation Programme of Pre-tax Deduction Qualification of Foundations' Public Welfare Donation	Ministry of Civil Affairs
59	2009.4.21	The Announcement of Issues concerning Forbidding the Rebate for Public Welfare Donation of Social Institutions incl. Foundations	Ministry of Civil Affairs
60	2014.7.25	Joint Notice on the Cancellation of Required Approval on Membership Fees Among Social Organizations	Ministry of Finance, Ministry of Civil Affairs
61	2010.10.20	Administration Measure for Evaluation of Social Institutions	Ministry of Civil Affairs

No.	Promulgation Date	Title	Department
62	2015.9.28	Opinion on Strengthening the Party Construction within Social Organizations	CCP Central Committee
63	2016.5.26	Joint Notice on Issues Related to Tariff Exemption Procedures on Charity Donations by Civil Organizations and Foundations	Ministry of Civil Affairs, General Administration of Customs
64	2017.1.1	Law on the Administration of Activities of Overseas Non-Governmental Organizations within the Territory of China	National People's Congress

Appendix 2: Chronic Institutional Reforms in China

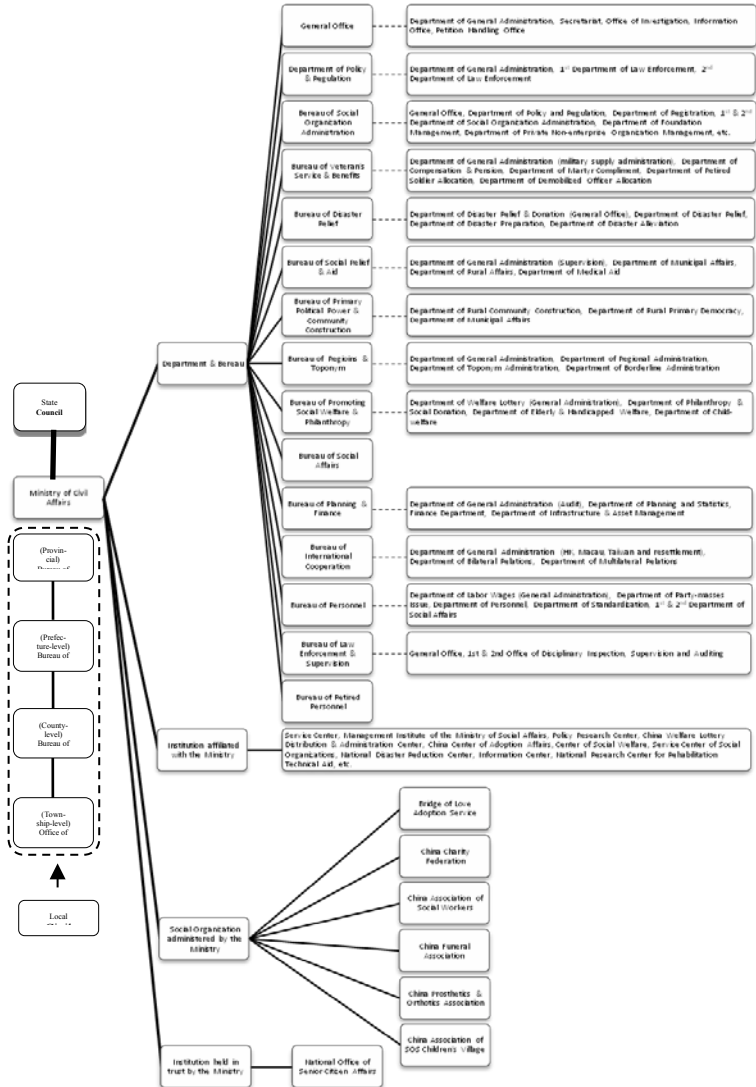
No.	Duration	Major Content
1	Sep. 1954 to 1956	<p>The 1st National People’s Congress promulgated the “Organic Law of the State Council”, which centered on strengthening centralization and has increased the departments of the Government Administration Council (predecessor of the State Council) from 35 to 42. In satisfying the demands of large-scale reconstruction, the Government Administration Council has established new departments from 1954 to 1956; and till the end of 1956, the total number of departments has reached 81 which is the 1st peak since the founding of the People’s Republic of China.</p>
2	Second half of 1958 to 1959	<p>From the second half of 1958, the downsizing and reconstruction of administration have been carried out under the guidelines of delegating central administrative power to lower levels and extending local autonomy. Till 1959, the number of ministries and commissions has decreased to 39; the total number of administration has reached 60, including 21 departments and administrative body directly under central government.</p>
3	1959 to 1981	<p>The downsizing of 1959 was influenced by the progressive thinking, which led to the loss of control at the macroscopic level. From 1960, the central government has re-emphasized the concentration and unification; till the end of 1965, the departments of the State Council has reach 79. During the same time, there have been two major downsizing of administrative officials at the central and local level; the central ministries and departments have decreased 15%, administrative institutions have decreased 26% and downsizing of 810,000 personnel. In the year of 1975, the State Council has established 52 administrations in reviving the economy, and till 1981, the administrative bodies of the State Council has reached 100.</p>

4	From 1982	<p>From the year of 1982, the reform of economic system and opening up has been enforced in China. The reform was carried out under the principle of shutting down overlapping institutions, incorporating institutions with similar operations and delegating authority of economic management. The ministries and commissions (from 52 to 42), institutions (from 43 to 15) and administrative offices (from 5 to 3) directly under the State Council have been downsized from 100 to 60. During the same time, administrative officials have decreased 210,000 and personnel downsized by 1/3.</p>
5	From 1987	<p>The institutional reform starting from 1987 has, for the first time, coupled with transforms of government functions, focusing on departments of economic management and emphasizing on the separating government functions from enterprise management, downsizing specialized departments and empowering the departments of macroscopic control. The ministries and commissions under the State Council have downsized from 45 to 41, the number of institutions with direct affiliation (from 22 to 18) and non-standing bodies (from 75 to 44) have experienced similar reduction. During the same period, the internal departments of ministries and commissions have downsized by 20%, and 9,700 personnel.</p>
6	From Mar. 1993	<p>In March 1993, the 1st session of the 8th National People’s Congress has passed the “Plan on Reform of State Council Organs”, which marked the 6th institutional reform focusing on transforming of the government functions. The working departments of the State Council have been downsized from 86 to 59; non-standing bodies decreased from 85 to 26; the institutions with direct affiliation with the State Council downsized from 19 to 13 and administrative bodies from 9 to 5; in the meantime, there would be no more state bureau under the management of the State Council, the public institutions directly under the State Council were reconstructed to 8 and the personnel downsized by 20%. Similar reforms were also carried out at the local level, after which the administrative personnel has been downsized 2000,000 nationwide.</p>

7	1998 to Jun. 2002	<p>The new wave of institutional reform started from 1998 has been focusing on establishing Chinese characterized government administrative system adaptive to the socialist economy. During this period, 4 ministries and commissions have been established; 3 of the previous ones have been renamed; the ministry and commission level institutions have been downsized from 40 to 29 and the personnel directly affiliated with the ministries and commissions have decreased by 47.5% from 34,000 to 17,000. From the year of 1999, the institutional reform at the provincial level has been enforced, with city and township level from 2000. Till the end of June 2002, the administrative personnel have been downsized to 1,150,000 nationwide.</p>
8	From 2003	<p>The institutional reform from 2003 has been focusing on the transforming of government functions and optimization of institutional structures. After the reform, the previous twin departments of macroscopic control have been integrated into the National Development and Reform Commission; the functions of the former State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation have been integrated into the Ministry of Commerce. The national institutions have been downsized from 29 to 28 without substantial personnel changes. This latest institutional reform has been labeled “the most profound reform of all time” referencing the substantial changes in the economic administration.</p>
9	2003 to 2012	<p>Marked by the 17th CCP plenary session, scientific outlook was introduced to support the four-pillar construction – economic, political, cultural and social. Environmental protection was elevated from bureau to ministry level. Massive stimulus package prodded excessive production capacity.</p>

10	From 2012	<p>Set the Xiaokang society objective: double the GDP and per capita income by 2020 based on 2010 figures. To integrate ecological wellbeing into the scientific outlook. The country's economic growth entered into "new normal" shifting growth drivers to domestic consumption and service sector. To build integration mechanism between urban and rural areas. Xi Jinping began to serve as president. Heavy-weight anti-corruption drive was launched. Comprehensive Leadership Group and National Security Leadership Group were set up under direct auspice of the politburo.</p>
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Appendix 3: Overall Structure of a Major Civil Administration Departments in China⁷³



⁷³ Source: website of the Ministry of Civil Affairs, <http://www.mca.gov.cn/>, retrieved on Jan 23, 2011.

Appendix 4: Supervisory Agencies for Civil Organizations at National Level⁷⁴

No.	Title
1	Chinese Academy of Social Sciences
2	Development Research Center of the State Council
3	China Earthquake Administration
4	China Meteorological Administration
5	China Securities Regulatory Commission
6	China Insurance Regulatory Commission
7	CCP Central Party School
8	CCCPC Party Literature Research Office
9	Party History Research Center, CCCPC
10	Central Compilation & Translation Bureau
11	China International Publishing Group
12	All-China Federation of Trade Unions
13	Communist Youth League of China
14	All-China Women's Federation
15	China Federation of Literary and Art Circles
16	Association of Chinese Writers
17	China Association for Science and Technology
18	All-China Federation of Returned Overseas Chinese
19	All-China Journalists' Association
20	The Chinese People's Association for Friendship with Foreign Countries
21	China Disabled Person's Federation
22	China Society for the Study of Ideological and Political Work among Workers and Staff

⁷⁴Article 4, "The Announcement of Re-confirming the Administration Body of Social Organizations"

Appendix 5: Civil Organizations in China (1978-2014)⁷⁵

Year	Total No. of Civil Organizations			
		Social Organization	Private Non-enterprise Organization	Foundation ⁷⁶
1978-87				
1988	4,446	4,446		
1989	4,544	4,544		
1990	10,855	10,855		
1991	82,814	82,814		
1992	154,502	154,502		
1993	167,506	167,506		
1994	174,060	174,060		
1995	180,583	180,583		
1996	184,821	184,821		
1997	181,318	181,318		
1998	165,600	165,600		
1999	142,665	136,764	5901	
2000	153,322	130,668	22,654	
2001	210,939	128,805	82,134	
2002	244,509	133,297	111,212	
2003	266,612	141,167	124,491	954
2004	289,432	153,359	135,181	892
2005	319,762	171,150	147,637	975
2006	354,393	191,946	161,303	1,144
2007	386,916	211,661	173,915	1,340

⁷⁵ Source: Annual report from the National Statistics Bureau⁷⁶ Foundation is included within the item of social organization before 2003.

2008	413,660	229,681	182,382	1,597
2009	431,069	238,747	190,479	1,843
2010	445,631	245,256	198,175	2,200
2011	461,971	254,969	204,388	2,614
2012	499,268	271,131	225,108	3,029
2013	547,245	289,026	254,670	3,549
2014	606,048	309,736	292,195	4,117

Appendix 6: General Statistics of Civil Organizations (2011-2014)⁷⁷

Index	2011	2012	2013	2014
Civil Organizations in Total	461,971	499,268	547,245	606,048
I) Social Organizations	254,969	271,131	289,026	309,736
Divided by Types				
Scientific research	19,126	18,486	17,399	16,923
Education	12,491	11,654	11,753	11,412
Health	10,776	10,440	9,953	10,060
Social service	33,987	38,381	41,777	44,630
Culture	22,472	25,036	27,115	30,101
Sports	13,534	15,060	17,869	20,848
Ecological environment	6,999	6,816	6,636	6,964
Legal service	3,148	3,191	3,264	3,270
Religion	4,650	4,693	4,801	4,898

⁷⁷ Source: Statistical Report of Civil Administration Development of P.R.C, 2011-2014. Note of the editor: the statistics are by units.

Agriculture and rural development	52,105	55,383	58,825	60,202
Occupational and Career service	17,648	18,611	19,743	19,867
International Organizations	519	499	481	516
Others	32,620	35,825	38,379	45,946
II) Private Non-enterprise Organizations	204,388	225,108	254,670	292,195
Divided by Types				
Business service	10,956	11,126	13,729	15,110
Scientific research	846	1,065	377	398
Education	104,894	117,015	145,210	163,681
Health	21,573	20,979	21,234	23,404
Social service	31,750	35,956	36,698	42,244
Culture	8,827	10,590	11,694	14,148
Sports	7,700	8,490	10,353	11,901
Ecological environment	6,897	8,717	5,625	5,915
Religion	169	132	94	82
International Organizations	36	49	4	4
Others	10,740	10,989	9,652	15,308
III) Foundations	2,614	3,029	3,549	4,117
Divided by Types				
Public-raising foundation	1,218	1,316	1,378	1,470
Private-raising foundation	1,370	1,686	2,137	2,610
Foreign foundation	-	8	8	9
Rep. agency of foreign foundation	26	19	26	28

Appendix 7: Distribution of NGOs in China, 2014

Regions	Total	Em- ployees	Female Emp.	Social Org.		People-run Non- enterprise Units		Foundations	
				No.	Em- ployees	No.	Em- ployees	No.	Em- ployees
Beijing	9,083	104,147	37,214	3,730	37,242	5,035	64,601	318	2,304
Tianjin	4,729	38,270	15,926	2,215	11,483	2,450	26,676	64	111
Hebei	17,642	260,419	71,292	9,810	131,274	7,783	128,874	49	271
Shanxi	12,330	148,571	42,896	6,855	80,241	5,416	68,187	59	143
Inner Mongolia	11,790	87,880	26,901	7,044	55,876	4,655	31,631	91	373
Liangning	20,137	204,806	62,657	8,966	107,695	11,102	96,575	69	536
Jilin	10,521	55,888	11,843	5,671	34,920	4,771	20,865	79	103
Heilongjiang	12,479	138,980	50,623	5,471	96,425	6,932	42,423	76	132
Shanghai	12,365	157,443	33,570	3,909	31,355	8,257	124,993	199	1,095
Jiangsu	71,571	533,822	146,460	32,706	216,457	38,382	315,701	483	1,664
Zhejiang	39,844	356,994	107,451	19,430	132,073	20,033	223,908	381	1,013
Anhui	22,549	231,774	60,682	11,977	103,447	10,492	128,125	80	202
Fujian	21,357	259,139	55,110	13,892	187,430	7,286	70,630	179	1,079
Jiangxi	14,236	179,910	53,139	8,030	94,098	6,156	85,579	50	233
Shandong	41,165	342,065	80,613	17,738	139,121	23,335	202,622	92	322
Henan	27,572	221,127	71,200	11,183	74,266	16,285	146,479	104	382
Hubei	26,560	355,090	100,503	11,878	220,021	14,587	134,222	95	847
Hunan	24,011	241,550	80,367	12,194	123,396	11,628	117,107	189	1,047

Guangdong	47,680	574,091	244,758	22,132	184,832	24,990	386,169	558	3,090
Guangxi	20,321	321,481	69,324	12,311	241,198	7,961	79,905	49	378
Hainan	4,847	45,476	17,317	2,334	21,475	2,457	23,721	56	280
Chongqing	14,387	146,041	63,672	7,049	46,082	7,284	99,558	54	401
Sichuan	37,800	514,534	146,467	20,030	319,728	17,642	193,906	128	900
Guizhou	9,424	173,845	43,795	5,624	131,701	3,760	41,941	40	203
Yunnan	19,207	448,907	161,589	12,987	386,579	6,145	62,119	75	209
Tibet	600	12,452	4,398	570	12,224	17	157	13	71
Shaanxi	18,050	252,343	52,503	9,907	168,539	8,055	83,324	88	480
Gansu	14,400	169,563	32,146	10,742	146,582	3,605	22,972	53	9
Qinghai	3,362	16,880	3,982	2,209	11,725	1,126	5,110	27	45
Ningxia	4,324	60,510	11,989	3,129	53,168	1,140	7,067	55	275
Xinjiang	9,453	135,524	28,888	6,072	106,004	3,344	29,316	37	204

Source: Annual report from the National Statistics Bureau, 2014

Appendix 8: The Top 10 Hot Issues on the Internet in China

Source: "Report on the Internet Development in China, 2013",
the People's Daily

Issue 1-10	Tianya Forum	KDNET Forum	Qiangguo Forum	Sina Micro-blog	Tencent Micro-blog	Renren	Kaixin	Total
"Xue Man-zi" arrested for suspicion of prostitute hook-up	51,200	14,200	5,130	45,732,027	19,200	50,800	1,730	45,874,287
Li's Case of Suspicion of Rape	538,000	378,000	113,000	10,389,729	3,295,600	822,000	13,500	15,549,829
Bo Xi-lai Case	983,500	1,190,500	146,300	2,852,045	2,692,700	473,000	19,100	8,357,145
"Edward Snowden" Case	179,000	13,400	215,000	4,212,248	154,000	1,060,000	823	5,640,971
Lushan Earthquake	151,000	16,730	7,180	5,025,063	335,800	44,800	4,310	5,584,883

Bus caught on Fire in Xiamen	154,770	10,140	13,980	1,199,877	2,849,300	12,460	589	4,241,116
Suspicion of Judges on prostitute hook-up in Shanghai	125,000	10,300	43,900	2,727,842	340,000	10,600	1,920	3,259,562
“Quality Gate” of Nongfu Spring Water	123,000	2,940	1,340	2,744,724	10,600	24,700	9,710	2,917,014
The Death Sentence of Zeng Cheng-jie	18,900	5,780	2,330	2,570,964	165,600	46,800	460	2,810,834
The Arrest of Beijing News Journalist Chen Yong-zhou	18,900	198,000	901	1,298,943	524,700	391,000	883	2,433,327



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Chinese Civil Society

The very notion of Chinese civil society could be a subject of controversy: media control, social inequality, judicial independence are hitherto a subject of critical scrutiny. Although conventional media (newspaper, radio and TV) has been under grip by the Chinese communist party, e-participation (micro-blogs, Chinese netizens) has made its way into every corner of China, unlike in other socialist countries such as North Korea and Cuba.

Despite the ambivalence of government attitudes at different stages, the positive role of civil organizations has been repeatedly affirmed by various documents and political leaders in China. The paradigm of Chinese NGOs is experiencing an efflorescence. It is too early to foretell in which trajectory they shall evolve. However, one thing is certain: they are growing and reconfiguring, but they do not have to, nor might they ever, meet the standard definition in the liberal western textbook.

Liu Baocheng

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