


The Relationship between Private Business Associations and
the State—A Case in Shanghai

XIA Xiang

A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Philosophy in Government and
Public Administration



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Abstract of thesis entitled:

The Relationship between Private Business Associations and the State—A Case in Shanghai

Submitted by XIA Xiang

For the degree of Master of Philosophy

at The Chinese University of Hong Kong in August 2005

This thesis intends to examine the relationship between private business associations and the state in contemporary China. Three private business associations in Shanghai were selected. They are the Federation of Industry and Commerce (FIC), the Self-Employed Laborers Association (SELA) and Private Enterprises Association (PEA). The study aims at answering the following questions: what is the development and changes of the three associations compared to their early establishment and can they represent the members' interests? To what extent is the state's influence on the three associations and are there any changes? What is the relationship between them and the state? In order to answer the above questions, literature and documentary review and primary data analysis are the basis of this study's methodology.

This study finds that in a corporatist framework of dual management system, the

FIC, the SELA and PEA operate differently. The FIC was set up in the 1950s and the main objective is to unite and educate the private entrepreneurs—the united front function. Over the fifty years since the FIC’s establishment, there are no functional changes in essence. The state exerts great influence on the FIC’s daily work. There is a corporatist relationship between the FIC and the state: it was established by the government and under the leadership of the CCP; it can represent members’ interests to some extent by nominating members to local people’s congress and people’s political consultative conference; and the daily operations are subsidized by the state and the leaderships are selected by the government. There are some changes in the relationship between the state and the FIC in recent years, especially at the district level. The staff does not work for the government blindly and begins to emphasize the FIC’s economic function and speaks on behalf of its members under their pressure.

The set-up of the SELA and PEA is the outcome of the market reform. They were established in the 1980s and 1990s and the initiative behind is to control and regulate the individual laborers and private enterprises. There is no functional change in essence in recent years. The state exerts great influence on the two associations from their establishment. The representative function of the SELA and PEA is weak. The staff members focus its control function in the daily work and regard the

associations as “work units” for those self-employed laborers. The SELA and PEA are more like government appendages instead of social organizations. They are new elements of the state’s administrative system in the context of economic reform.

It is argued that the state adopts two different strategies when coping with the constituency of private sector: for those high-profile and successful ones the state unites them and incorporates them into the policy-making process; for those small-scale private enterprises the state controls and regulates them. Because all the three associations have close relationship with the state, they are not part of civil society in western concept.

摘要

本文嘗試探討中國市場經濟改革過程中，國家與私營企業協會組織之間的互動關係及其發展變化。選取的研究對象是上海地區的工商聯、個體勞動者協會（個協）和私營企業協會（私協）。本研究力圖回答下面三個問題：與成立初期相比，這三個協會有無發展和變化及它們能否代表會員利益？國家對這三個協會的影響力有多大？它們與國家之間又有著怎樣的關係？爲了回答上述問題，文獻回顧和訪談分析是本研究的主要方法。

研究發現在具有法團主義特征的社團雙重管理體制下，工商聯、個協和私協的運作方式有所不同。1950年代工商聯的成立是爲了團結和教育私人工商業家—即工商聯的統戰功能。50多年過去了，工商聯的主要功能並未發生變化。在工商聯的日常工作中國家發揮了很大的影響力。法團主義可被用來解釋工商聯與國家間的關係：它由國家建立並由共產黨領導；它能通過推薦會員當選人大和政協代表來代表會員利益；國家資助了工商聯的日常工作，且工商聯的主要領導是由國家選拔任命的。近年來區一級的工商聯與國家的關係發生了變化，工商聯的工作人員不再只爲國家服務；他們開始強調工商聯的經濟職能並在會員的壓力下開始爲會員爭取利益。

個協和私協的成立是市場改革的產物。它們分別成立於八十和九十年代，目的是控制和管理個體勞動者和私營企業主。近年來它們的主要功能也未發生變化。國家從這兩個協會成立之初便發揮了巨大的影響力。不同於工商聯，個

協和私協的代表功能十分薄弱。協會工作人員在日常事務中強調協會的控制功能，並把協會看作是個體勞動者和私營企業主的“工作單位”。因此個協和私協更像是政府的附屬物而不是獨立的社會團體。它們可被看作是經濟改革下國家行政系統中的新元素。

本文指出國家在處理和私營經濟關係方面採取了兩種不同的策略：對那些成功的大型私營企業家國家團結他們，並把他們納入政策制定的過程中；對那些中小型的私營企業主國家採取的手段是控制和管理。由於這三個協會和國家之間有著緊密的聯繫，因此本文認為它們不是西方學者眼中公民社會的一部分。

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Chapter 1 Introduction **Abbreviations**

ACFIC All-China Federation of Industry and Commerce

BICA Bureau of Industrial and Commercial Administration

CCP Chinese Communist Party

CGCC China General Chamber of Commerce

CPPCC Chinese People's Political Consultative Conference

FIC Federation of Industry and Commerce

ICF Industrial and Commercial Federation

NPC National People's Congress

PEA Private Enterprises Association

SELA Self-Employed Laborers Association

SHFIC Shanghai Federation of Industry and Commerce

1.2 The Scope of the Study

This research intends to examine three private business associations:

Chapter 1 Introduction

1.1 The Rationale of the Study

Since Chinese leaders adopted the “open door” policy in 1978, the private sector economy has developed quickly. At the same time, post-Mao society has seen a revitalization of the role of “associations” (*xiehui*). In order to avoid dangers and disorderliness of a freer market, the government established the Self-Employed Laborers Association (SELA) and Private Enterprises Association (PEA), together with the existing Federation of Industry and Commerce (FIC) to control and regulate a private sector which was becoming increasingly complex and difficult to manage.

With the deepening of the economic reform and maturity of the private economy, the state/government is withdrawing from the society and market gradually. Then, does the government still exert influence on the above three associations? If yes, to what extent? Are there any functional changes in the associations compared with their early establishment? And what is the relationship between the private business associations and the state in contemporary China? In order to answer the above questions, a research is critically in need.

1.2 The Scope of the Study

This research intends to examine three private business associations in Shanghai.

They are the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association.

My perspective here is deliberately local rather than national in focus, since it is at the local level that the state and society come into the most direct contact. However much the nature of the regime is determined at the national level, it is through local government that this is made manifest to the people who live under it. Thus I organized a case study at the city and city-district level of Shanghai. Shanghai is one of the most important economic cities in China and the private economy is flourishing there. A detailed look at the three associations in Shanghai will give us a clear picture about the changes of the three associations in the context of Chinese economic reform.

1.3 The Objectives of the Study

The first objective is to examine the development and changes of the three associations. Is it true that the three associations have the “dual” function (to regulate the private enterprises and to represent the entrepreneurs’ interests) as stated by the constitution? Compared with the situation when they were established, have there been any changes in recent years?

The second objective is to find out whether the state still exerts great influence

on the three associations or not. After examining the daily operations of the associations including staff appointment, funding and spending, membership, and etc, it is aimed to assess the extent of the state's influence on them.

The third objective is to discuss the relationship between the private business associations and the state in contemporary China. After analyzing the associations and the state's influence on them, it is to explore the relationship between them and the state. Is it a kind of superior-subordinate relationship or anything else?

1.4 The Methodology of the Study

Literature and documentary review, and primary data analysis are the basis of the methodology of this research. Literature review included materials such as books, journals, articles, etc., from library, the internet, and so forth, as the major sources for conceptualization and evaluation. Documentary review involved the study of the internet homepage of the All-China Federation of Industry and Commerce (<http://www.acfic.org.cn/>), Shanghai Federation of Industry and Commerce (<http://www.sfic.org.cn/>) and federation of industry and commerce of different districts in Shanghai as the secondary sources for information.

Shanghai municipality covers an area of 6340.5 kilometers square and has a population of 17 million, and consists of eighteen districts (*qu*) and one county (*xian*).

All are of equal administrative status and are together governed by the Shanghai city government, but each is also governed by its own district-level government.

Due to the restraint time and manpower, five out of eighteen districts were selected as the target of interview, plus the three associations at the city level. The five districts are: Zha Bei, Pu Tuo, Hong Kou, Chang Ning and Yang Pu district. I went to the three associations in those five districts and conducted interview with the working staff there. In order to have a full picture of the three associations, some of the members were also interviewed. They included both the self-employed laborers (*getihu*) and private entrepreneurs. The officials of the Bureau of Industrial and Commercial Administration (BICA) at the city level and in the five districts were also interviewed as the BICA is the supervision unit of the SELA and PEA.

1.5 Significance and Limitations of the Study

After reviewing various literatures on the topic, I find that the researches about social organizations in China mostly emphasize normative aspects. Scholars mainly discuss which theory can be used to explain the relationship between social organizations and the state in China. As most theories the scholars used are from western literature, they may neglect some important empirical findings. There are even fewer studies about the individual and private business entrepreneurs and their

associations. Additionally, there is no systematic study about the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association.

This research is empirical oriented. It selects Shanghai as a case study to examine the relationship between the three private business associations and the state. In order to have a full picture of the above three associations, this research undertook extensive field work to answer the research questions. Not only is the perspective of the three private business associations considered, but also that of individual and private business entrepreneurs is included. Besides, the officials of the Bureau of Industrial and Commercial Administration were also interviewed as the BICA is the supervision unit of the SELA and PEA. I believe that this study will make a substantial contribution to our understanding of the FIC, the SELA and PEA and enrich the positive aspect of studies conducted on the topic.

In addition, this research discussed the relationship between the FIC and the PEA, which was not included in the earlier literature. A close look at their relationship is necessary to see whether that relationship has impact on the daily operations and their relationship with the state.

Before any further discussion, it may be appropriate to mention a few limitations of the study. As the limited time and manpower, the study focuses only on

one selected city—Shanghai and its different districts. It may neglect some important practices in other places. Therefore, the conclusion of the study may only achieve a low level of generalization. In addition, due to the difficulty to approach more members, the study could only interview a small pool of members. Their views on the association may not represent all members' views.

1.6 The Organization of the Study

This thesis is organized into six chapters. After the introductory chapter, chapter 2 reviews two important theories in political science which explain the relationship between state and society. They are theories of corporatism and civil society. Scholars' discussions on the applicability of corporatism/civil society to China are also reviewed. Some studies on the private business associations in China are introduced. Chapter 2 serves as a conceptual framework for the later discussion of the three associations' relationship with the state. Chapter 3 briefly introduces the All China Federation of Industry and Commerce, and then examines Shanghai FIC and its district chapters from the documentary review and interview results. The extent of the state's influence on the FIC is examined and the relationship between the FIC and the state is discussed. Like Chapter 3, Chapter 4 first introduces China Self-Employed Laborers Association and then examines Shanghai SELA and PEA

and its district chapters. Then it assesses the state's influence on the two associations and discusses their relationship with the state. Based on Chapter 3 and 4, Chapter 5 discusses the relationship between the FIC and the PEA and finds a complex relationship between them. At last, a brief conclusion summarizes the main findings and arguments of this thesis. It is argued that the state adopts two different strategies when coping with the constituency of private sector: for those high-profile and successful ones the state unites them and incorporates them into the policy-making process; for those small-scale private enterprises the state controls and regulates them. With the deepening of the economic reform the state's influence on the three associations is still great. The relationship between the FIC and the state reflects the state corporatist features. In recent years, there are some changes in the local chapters that the FIC began to strive for their members' interests. Although the SELA and PEA exhibit some state corporatist features, state corporatism cannot be applied to analyze their relationship with the state. It is better to regard them as the government appendages. With heavy dependence on the state—the FIC's working staff are civil servants and most of the revenues come from the government and the BICA provides the SELA and PEA's top personnel and assists to collect membership fee, it is difficult for the three associations to become part of a civil society.

Chapter 2 Literature Review

Before examining the development and changes of the three associations in detail, a literature review about other scholars' studies on the private business associations or social organizations in China is necessary. They can be used as background information before I examine the associations in Shanghai. Besides, two theories of corporatism and civil society that explain the relationship between state and society will be reviewed as a conceptual framework. The two theories are selected because they describe two different frameworks within which the state and social organizations interact.

2.1 Theory of Corporatism and Its Criticism

2.1.1 Definition of Corporatism and Two Different Types

According to Philippe C. Schmitter, "Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports" (Schmitter, 1979, p. 13).

Besides Schmitter, Howard Wiarda utilized three characteristics to distinguish corporatism from other forms of interest representation:

1. a strong directing state,
2. restrictions in interest-group freedom and activity, and
3. incorporation of interest groups into and as part of the state system, responsible both for representing members' interests in and to the state and for helping the state administer and carry out policies. (Wiarda, 2002, p. 20)

In an ideal-type corporatist system, at the national level the state recognizes one and only one organization (say, a national labor union, a business association, a farmers' association) as the sole representative of the sectoral interests of the individuals, enterprises or institutions that comprise that organization's assigned constituency (Unger & Chan, 1995, p. 30). The state determines which organizations will be recognized as legitimate and forms an unequal partnership of sorts with such organizations. The different organizations in each industry are hierarchically ordered, and that reflects the opportunity and distance between them and the state. The associations sometimes even get channeled into the policy-making processes and often help implement state policy on behalf of the government.

Among the different types of institutional arrangements that come under the

rubric of corporatism, the side of the spectrum that democracies such as Australia, Britain and Japan occupy is often referred to as liberal or societal corporatism, in that the leaders of the peak associations are beholden to their memberships, not the state, and the state is not directly in a position to dictate the terms of agreement between sectors (Unger & Chan, 1995, p. 31). At the other end of the spectrum from such societal corporatism lies what is variously called authoritarian or state corporatism, where the weight of decision-making power lies very heavily on the side of the state (Unger & Chan, 1995, p. 31). Under state corporatism, the government may even take charge of creating and maintaining all of the corporatist organizations and may grant itself the power to assign and remove their leaders at will. The state exercises a top-down control on the associations.

2.1.2 Some Critiques on Corporatism

Corporatism is a theoretical framework which attempts to describe how the state preserves its dominance either by granting greater autonomy to licensed organizations or by creating its own organizational network in order to pre-empt the threat of the emergence of autonomous associations. Perhaps the most obvious doubt surrounding corporatism is that it comes in so many versions that it is impossible to pin down. Corporatism represents more of a shared approach to the analysis of

organized interests and their relationship with the state. Moreover, there is the point that different writers do not agree as to what corporatism is a model of. Corporatist writers have variously presented it as an economic system, a state form, a form of interest intermediation and a “mode” of policy making (Williamson, 1989, p. 189). Such differences of opinion can be confusing and make it difficult to apply in any reasonably systematic manner.

Although Schmitter’s definition is innovative and provides a reference point for a host of writers on corporatism, it is often criticized by many for being far more descriptive of statist or top-down forms of corporatism than of societal forms of corporatism. Many scholars thought his definition was far too constrictive, focusing primarily on authoritarian regimes, so as to exclude a variety of non-authoritarian corporatist regimes and structures. Others criticize that his ideal-typical model “seems rather arbitrary in its selection of the types and range of structural elements included” (Williamson, 1985, p. 148). To operationalize it the analyst will have to clarify what is meant by the terminology of the various components such as “recognized”, “licensed” or “created”, but there is little or no guidance about how to remain true to ideal-typical corporatism.

2.2 Theory of Civil Society and Its Criticism

2.2.1 Definition of Civil Society

The meanings attached to “civil society” in the west are so various. David Held offered a sociological definition, which said that “civil society retains a distinctive character to the extent that it is made up of areas of social life—the domestic world, the economic sphere, cultural activities and political interaction—which are organized by private or voluntary arrangement between individuals and groups outside the direct control of the state” (Kaviraj & Khilnani, 2001, p. 206). From this definition, we can see that “relative autonomy from the state” is the essential feature of civil society. Civil society is out of the control of the state.

To White, “civil society” denoted two broad categories of meaning: (1) civil society = political society. In this conception, “civil society” describes a particular type of political relationship between state and society based on the principles of citizenship, rights, representation and the rule of law (White, 1993, p. 65). It would focus on the nature and feasibility of political democratization along liberal lines. (2) civil society = intermediate social associations. It refers to organizations and associations enjoying some autonomy vis-à-vis the state and formed voluntarily by members of society for their own protection or self-interest (White, 1993, p. 66). When applied to China, civil society defined as intermediate social associations

which are autonomous from the state seems more appropriate.

There are four perspectives on civil society drawn from the western literature. They are: civil society as a parallel polis; civil society as citizenship; civil society as political development; and civil society as governance. Civil society as a parallel polis means restoring the civil society which has been crushed by the state using the nonviolent methods. This concept of civil society was reborn in the 1970s, primarily in Eastern Europe. Dissidents were able to create alternative structure outside the state, a polis that was parallel to the state (Brook & Frolic, 1997, p. 49).

The second perspective on civil society means good citizenship. It was originally the Greek polis. Civil society was polite and civil, and it was elitist, since only a few men of virtue were citizens. Good citizenship can develop only over time and requires a community of rational, self-directing individuals who can elevate their private interests to a consideration of the greater public good (Brook & Frolic, 1997, p.52). In the long journey from subject to citizens, as from authoritarianism to democracy what counts is not only the development of individual and particular interests but the commitment of these interests to the public good.

The most common perspective on civil society is based on the great transformation of relations between state and society in the modern era in Europe. The key events were, first, the separation of church and state; second, the rise of the

capitalist economy; and third, the creation of the modern bureaucratic state (Brook & Frolic, 1997, p. 53). The process of political modernization demands a crucial space between a changing state and society, in which individuals interact and define themselves in relationship to the political. Civil society is that space and it serves to mediate political participation and change.

The fourth perspective on civil society is that civil society provides effective management. Ideally, civil society lubricates the political system and links the various parts together. In “politically developed” western systems, a civil society is vital for obtaining “democratic” governance. In other political systems, fascist, monarchical, or authoritarian, a functional version of civil society is essential just for providing effective management. Civil society was a mechanism which evolved to prevent disorder and maintain links between the new state and the changing society. “Linkage”, which facilitates governance rather than democracy, is the short-term, utilitarian essence of civil society (Brook & Frolic, 1997, p. 55).

2.2.2 Some Critiques on Civil Society

It is problematic when applying the above four perspectives on civil society to China. For example, the idea of restoring a civil society that had been crushed by the state may have made sense in Eastern Europe, but it was problematic in China, which

barely had a tradition of civil society in its past. China lacked a critical mass of dissident intellectuals willing to challenge authority. Much of the energy of China's intellectuals and dissidents was consumed in trying to persuade the state to change itself, rather than overthrowing it through the creation of a parallel polis. This strategy was in keeping with the Confucian tradition that intellectuals should serve the state.

This concept of civil society as good citizenship assumes individuals had private interests when they were subject, and then after long journey from subject to citizens, they could commit the private interests to the public good. In China, it is a different story. We can call Chinese people "subject" as they seldom participate in the political life. However, from traditional China to contemporary China, from Confucianism to the ideology of the Communist Party, it is always emphasized that individual's interest should be subject to the collective/state interest. Thus, although Chinese people are "subject", they commit their interest to the public good. But there is a long way from "subject" to "citizens" in the sense of political participation. Civil society as citizenship in the Greek ideas is not applied to China.

Civil society as political development is based on the modern western experience and has a western bias. Western thinking about civil society is linked to the emergence of capitalism, the modern state, and democracy. But China has barely

experienced the separation of state and society, the powerful influence of capitalism, and the rise of the modern industrial state. Why presume to look in today's China for a civil society that is linked to developed capitalism and democracy?

Frolic sees two kinds of civil society in today's China. One emphasizes the opening up of the political system, limitations on state power, and the advancement of the rights of autonomous groups and individuals (Brook & Frolic, 1997, p. 56). That is, civil society as political development in western concept. This civil society is still poorly developed and is struggling to maintain itself in China. The second is state-led civil society. It is created by the state, principally to help it govern, but also to co-opt and socialize potentially politically active elements in the population (Brook & Frolic, 1997, p. 56). It refers to hundreds of thousands of social organizations and quasi-administrative units created by the state to help it manage a complex and rapidly expanding economy and changing society.

It seems such kind of state-led civil society and state corporatism share a lot of common characteristics: both are created and recognized by the state, hierarchically ordered, a form of interest articulation and etc. Then why did Frolic use another term when he himself admitted state-led civil society was a form of corporatism? If in state-led civil society, the social organizations enjoy some degree of autonomy, then it can be placed between state corporatism and societal corporatism. It may be the

reason why Frolic used the term “state-led civil society”.

2.3 The Applicability of Corporatism/Civil Society to China

2.3.1 Discussions on Corporatism

Corporatism and civil society are two theories frequently used by scholars when they analyze the social organizations in China. Among them, some argue that state corporatism represents a shift from a Party command system that dominated directly to one that dominates partly through surrogates as the Chinese state moved further to free up the economy and to relax direct Party controls over society during the 1980s (Unger & Chan, 1995, p. 38). They also predicted that at least some of the old “mass organizations” and new associations would shift gradually in a “societal corporatist” direction under the influence of their designated constituencies and began to speak on behalf of their constituencies some years after (Unger & Chan, 1995, p. 52). The evidence Unger and Chan provided is based on Schmitter’s definition which is criticized by many scholars.

State corporatism is an institutional arrangement associated with authoritarian system such as Brazil, Chile, and Mexico, etc. To make the concept more acceptable or more applicable to China (a socialist country), Pearson put forward the concept of “socialist corporatism”. To her, the central idea of socialist corporatism is that

socialist state licensed intermediate functional organizations and devolved authority to them (Pearson, 1994, p. 34). These functional organizations are not equivalent to the autonomous western-style interest groups: they are intended to serve as the “aide of the Party and government” in the economic reform effort, and the state accordingly plays a central role in the establishment and management of such groups (Pearson, 1994, p. 35). There seems no key difference between Pearson’s socialist corporatism and Schmitter’s definition of corporatism.

Not only western scholars but also some Chinese scholars agree that a state corporatist structure is emerging in China. For example, after comparing today’s social organizations with the state-society relationship before 1976 when the state fully controlled society, Kang concluded at current time the state and society cooperated with each other while the state was still in the dominant role (Kang, 1999, p. 13). He further predicted in the future the society would become more autonomous and independent of the state and social organizations would actively cooperate with the state. A socialist corporatist framework will be established. Kang’s research is still at its initial stage and normative, lacking actual cases to support his argument.

Besides those who argue corporatism could be used to analyze social organizations in China, others argue that though corporatism may exist in form in China, it does not exist in essence. Based on an empirical analysis of the pattern of

state-business interaction in Huantai county, Shandong, Yep argued that the political reality in China differed from the corporatist description on two counts: business organizations do not function as vehicles of effective communication between state and society; and the heterogeneity among managers also hinders the possibility of collective exchange with the state. He thought a new form of exchange was emerging which was more a kind of collaboration between partners, instead of a corporatist relationship under which the state held a dominant role (Yep, 2000, p. 566). The concept of corporatism in Yep's article is societal corporatism. If he had examined the Huantai county from the perspective of state corporatism, the conclusion might have been different. That is because the state corporatism does not emphasize the two conditions Yep pointed out. The control role of the state is more important in state corporatism. Nevertheless, he pointed out one essential thing: when applying corporatism, we should not only focus on its form (the rules or laws regulating the social organizations and the daily operations), but also on the essence (whether the social organizations represent the members' interests or not).

2.3.2 Discussions on Civil Society

As mentioned above, civil society is another theory used by scholars to analyze the social organizations in China. As early as the 1990s, White conducted an

empirical research in Xiaoshan city and found that the new social organizations in that city represented a mixture of public and private spheres in which the public continued to dominate and they cannot be described as “independent” organizations, but they did exercise (to various degrees) a limited sphere of autonomy (White, 1993, p. 85). He argued that only embryonic elements of “civil society” could be detected in both major categories of intermediate organizations in Xiaoshan. He further predicted that with the economic reforms continued and economic development proceeded apace, these socio-economic forces would grow in strength and a more powerful “civil society” would emerge. The problem of White’s argument is that he didn’t take consideration of the role of the Chinese Communist Party (CCP). Whether such a “transformation” will occur depends on how much autonomy the Party will tolerate.

Although some scholars find corporatism is likely to emerge and develop in China, others argued it was just a temporary phenomenon and with the deepening of the market reform, a civil society would emerge (Wang & Tang, 2001, p. 40). In today’s China, social organizations and the state are in the status of “co-existence” (Wang & Tang, 2001, p. 39). That is, the government depends on social organizations to manage the corresponding constituency while social organizations depend on the state’s authority and funding to develop. They argued that the trend was social

organizations got rid of the dependency on the state and finally became the key components of a civil society. Their research is normative and relies on western theory's applicability to China.

Civil society is a concept based on the western experience of the powerful influence of capitalism and the rise of the modern industrial state. After conducting a survey and interview project targeting the owners and operators of large and medium scale private enterprises and the local party and government officials in eight counties, Dickson found in the areas that were most economically developed and where privatization had advanced the furthest, the views of entrepreneurs were more supportive of the state's leadership than was the case in less prosperous areas, which is in sharp contrast to the theories of civil society. Instead he found the CCP's corporatist strategy (to include certain new groups into the political arena, particularly entrepreneurs and those with scientific and technical expertise, while at the same time excluding participation by others) was successful (Dickson, 2003, pp. 83-84). Dickson's research shows that civil society as a theory to explain state-society relationship in China has its limits.

Different from White who analyzed social organizations in Xiaoshan city from the perspective of civil society, Wang et al. argued that the social organizations in China were different from those in western country. They pointed out that social

organizations in China did not act as some independent organizations in opposition to the state. Instead they share with the government their behaviors and goals etc (Wang, Zhe & Sun, 1993, p. 132). The problem of their argument is that the definition of the social organization is not consistent with the empirical findings. They defined social organizations as non-profitable and non-governmental; however, most social organizations in China are quasi-governmental. Secondly, there are some problems in the research methodology. They selected the social organizations in Xiaoshan as research target, but did not divide them into different categories when analyzing them. There are different types of relationship between different social organizations and the state. Failing to divide them cannot give us a whole picture of the relationship.

2.3.3 Social Organizations: both corporatist and civil society features?

From above, we can conclude that there is no consensus on which theory—corporatism or civil society—is more applicable to China. Thus, some scholars in their research argued that we could find both corporatist and civil society features in Chinese social organizations. One of them is Shue. She conducted a research in two largely rural Chinese localities—Xinji and Anxi during the second half of 1990. Through her interview, she found some relatively incorporated and

state-dominated associations (e.g. the Xinji association of the self-employed) at one extreme and some relatively self-constituted, self-governing and autonomous organizations at the other (e.g. chive farmers association in Xinji's Junqi village) (Migdal, Kohli & Shue, 1994, pp. 78-79).

From White's investigations of both national and local social organizations in China, they exhibit elements of both the civil society and corporatist models, reflecting impetuses from both the state and society. On the one hand they could observe functional divisions, monopolistic elements, singular representation, and state selection of leaders, features which typify corporatist systems of intermediation; on the other hand they could identify voluntary, autonomous and self-regulating tendencies, which are organizational characteristics of civil society (White, Howell & Shang, 1996, p. 126). While in their current form they serve the interests of both state and society, the former still predominate. White's research excludes those "unofficial" social organizations which do not register with the state and thus do not play the corporatist game set by the state.

Additionally, Ding also doubted that the model of corporatism may not be adequate in view of the fast proliferation of unofficial and voluntary associations in spite of the controlling effort of the state, and the increasingly confrontational approach taken by some local union branches. He found that at the county level,

unofficial associations were concentrated in the areas of cultural life, whereas most official and “semi-official”¹ associations were found in the areas related to politics and the economy. Besides, there is a tendency for the society to create more and more associations, and the government may find it difficult to put a stop to this growth. All those are signs of a civil society. Therefore, Ding concluded that the concept of corporatism could be better applied to the political and economic areas, while the concept of civil society was probably applicable to the cultural and intellectual areas. The three associations I intend to study belong to the economic areas and I will discuss whether Ding’s conclusion is right or not in the later parts.

Contrary to those scholars who find both corporatist and civil society features of social organizations, Saich argued that it was problematic to use either civil society or corporatism to analyze the state-society relationship in China. After examining some social organizations in China, Saich concluded that while social space had opened up, the state had continued to retain a great deal of its organizational power and had moved to dominate the space and reorganize the newly emergent organizations (Saich, 2000, p. 139). Thus he argued that China was far from creating

¹ A classification of social organizations in terms of their “popular nature” produces three categories—“official”, “semi-official” and “purely popular”. In an “official” social organization, the main leaders and work personnel are appointed by a specific state agency and its finances are either paid directly by the state or are subject to strict legal regulation. In the case of a “semi-official” organization, the link with a state organization is looser. Its main leaders hold concurrent posts in their sponsoring organization and its finances can come from either the state or its own revenue. Last, the “purely popular” social organization has no overlapping of personnel of its sponsoring state organization and depends on its own finances.

a civil society. But he thought each social organization in China had negotiated with the state its own niche (Saich, 2000, p. 139). In some cases, the outcome may be a close “embedded” relationship with the state; in others it may entail formal compliance while operating strategies of evasion and circumnavigation of the state. Thus, it is problematic to use either civil society or corporatism to analyze the state-society relationship in China. Saich’s research suggests that western theories—corporatism or civil society may not be applicable to China. It is more appropriate to study social organizations in China in its own context.

2.4 Studies on the Private Business Associations in China

In addition to the discussions on the social organizations in general, there are also some studies on the private business associations. For example, Nevitt examined the Self-Employed Laborers Association (SELA) and the Industrial and Commercial Federation (ICF) in Tianjin. He mainly analyzed them from the incentives guiding the associations’ staff: “a big fish in a small pond” *vs.* “ladder of advancement”². From this perspective, the petty entrepreneurs of the SELA are a poor resource base.

² Local officials pursuing the traditional ladder-of-advancement strategy are highly motivated toward pleasing their superiors at the next higher level. Their careers are not necessarily tied to the fortunes of local institutions but to fulfilling the expectations—and hopefully impressing—the officials and institutions of the level above. By contrast, local officials pursuing the “big-fish-in-a-small-pond” strategy are very interested in the fortunes of local institutions. They are concerned with developing their own local networks of power and support, and with pursuing those actions that are in the best interest of these local political constituencies (Nevitt, 1996, p. 38).

Thus, district SELA chapters simply concentrate on fulfilling their control functions but do not waste district government resources pursuing their interests. By contrast, the ICF represents a local resource base of considerable potential and can often serve as an engine for local development. Therefore, district ICF chapters are actively engaged in pursuing the interests of their private entrepreneur members. Nevitt did think the ICF was evolving into what could be identified as part of a civil society. Nevitt's analysis of staff's incentives provides another angle to examine the private business associations.

Foster argued that China's business associations could be more fruitfully studied as new elements of the state's administrative system than as participants in a state-society dialogue. His research in the city of Yantai showed that nearly all business associations there were created at the initiative of the state and Party officials, and that they were in essence appendages of government or Party organizations. Thus he argued the concept of corporatism was of limited usefulness in describing and understanding association-state relations in contemporary China. He agreed with Ray Yep that in many cases, although we saw the structural form of corporatism, these arrangements were not, in their essence, corporatist (Foster, 2002, p. 63).

In another article, Unger conducted an investigation of three associations in

Chaoyang district of Beijing (the SELA, the PEA, and the FIC). She argued that the SELA and PEA were corporatist in form but not in essence; they only ineffectually pretended to reach out and penetrate the small-scale business community (Unger, 1996, p. 818). Nevertheless, the FIC seems to be gravitating toward societal corporatism as it has been carving out a role of actively representing large private interests to the local and central governments. But it hasn't reached societal corporatism because the organization is still too tightly bound to the party-state in its structure and staffing.

Besides Unger, Li also conducted a study on the SELA in Beijing—the Haidian district chapter. Different from Unger, Li analyzed it from the perspective of the model of exchange relations between association and its members. She argued that the exchange of power and service between the association and its members could be served as the internal dynamics of organizational development (Li, 2004, p. 56). The members release the power to the SELA and the SELA provides service to its members. But she also found in reality social organizations usually depended on the state to establish its authority over the members (Li, 2004, p. 67). She predicted that with the deepening of the administrative reform, the dependency of social organizations on the state would decrease. Because her study focused on the Haidian district SELA, it may have its speciality.

Wenzhou is one of the districts in China where the private economy flourishes. Chen and Ma examined the civil commercial chambers and trade associations in Wenzhou from the angle of institutional analysis. They found the institutional supply of the chambers there was not only by themselves but also by governments (Chen & Ma, 2003). Different from the SELA and PEA in Beijing, the chambers in Wenzhou are self-governing organizations. They gave us another picture about the relationship between the chambers and the state and suggested that different cities in China had different experience in the development of private business associations and their relationships with the state. Thus it is my interest to find the development of private business associations in Shanghai.

To conclude, on the one hand, there are various studies on the social organizations in China, at the national level or district level; in the urban areas (city) or in the rural areas (county). However, there is no consensus on which theory—corporatism or civil society—is more applicable to analyze those social organizations. On the other hand, there are not many detailed studies on the relationship between the three private business associations (the FIC, the SELA and PEA) and the state. Some scholars did conduct research on those associations in some cities as Tianjin and Beijing. The ones in Shanghai haven't been studied yet.

Therefore, I intend to examine the FIC, the SELA and PEA in Shanghai and discuss their relationship with the state in later chapters.

and oversee the private sector are the Federation of Industry and Commerce (*gongshanglian*), the Self-Employed Laborers Association (*geti laodongzhe xiehui*) and Private Enterprises Association (*siying qiye xiehui*). In this chapter, I will first have a look at the All China Federation of Industry and Commerce (ACFIC) as background information to have a general view in mind. Then the focus of this research--Shanghai Federation of Industry and Commerce (SHFIC) and its district chapters will be examined from the documentary review and the interview results. And finally there will be a discussion on the relationship between the FIC and the state.

3.1 The All China Federation of Industry and Commerce

3.1.1 Establishment and Objectives

The All China Federation of Industry and Commerce was established in 1953 and its nature and status can be generalized as a people's organization and non-governmental chamber of commerce composed of Chinese industrialists and business people under the leadership of the Chinese Communist Party, an organization assisting the government to manage China's non-public economy, and also a bridge linking the Party and Government and non-public economic managers

Chapter 3 The Federation of Industry and Commerce

The major organizations set up to represent and oversee the private sector are the Federation of Industry and Commerce (*gongshanglian*), the Self-Employed Laborers Association (*geti laodongzhe xiehui*) and Private Enterprises Association (*siying qiye xiehui*). In this chapter, I will first have a look at the All China Federation of Industry and Commerce (ACFIC) as background information to have a general view in mind. Then the focus of this research—Shanghai Federation of Industry and Commerce (SHFIC) and its district chapters will be examined from the documentary review and the interview results. And finally there will be a discussion on the relationship between the FIC and the state.

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(A brief introduction to the ACFIC, 2003). The ACFIC is also known as the China General Chamber of Commerce (CGCC)³. It is under the supervision of Party's United Front Department. In the mid-1980s, in a bid to give further sectoral representation to China's growing body of private entrepreneur, the ACFIC joined the Democratic Parties as a constituent member of the Chinese People's Political Consultative Conference (CPPCC).

The working objectives of the ACFIC are to perform its functions as a people's organization and non-governmental chamber of commerce of the united battlefront⁴, to unite, help, guide and educate all members, to provide the members with good services, to bring up a team of activists who firmly adhere to the leadership of the Party and the socialist road with Chinese characteristics, to promote a healthy development of non-public economy, to take efforts for the harmonious development of socialist material, political and spiritual civilizations, and to make eventually a great contribution to the great rejuvenation of the nation (A brief introduction to the ACFIC, 2003).

³ The ACFIC is the name for domestic consumption, while chamber of commerce is typically used for international activities because that is a name more familiar to their counterparts in other countries.

⁴ United battlefront is a Chinese Communist Party strategy that attempts to utilize an organization or movement for the purpose of building a consensus and an organized following for party-supported programs and goals. Historically, the term is associated with the Guomindang-Chinese Communist Party first united front (1923-27) and second united front (1937-45). FIC was established in the 1950s united front strategy of including capitalists in the policy deliberations of the state. And its status is equivalent to one of the eight so-called democratic parties.

3.1.2 Functions of the ACFIC

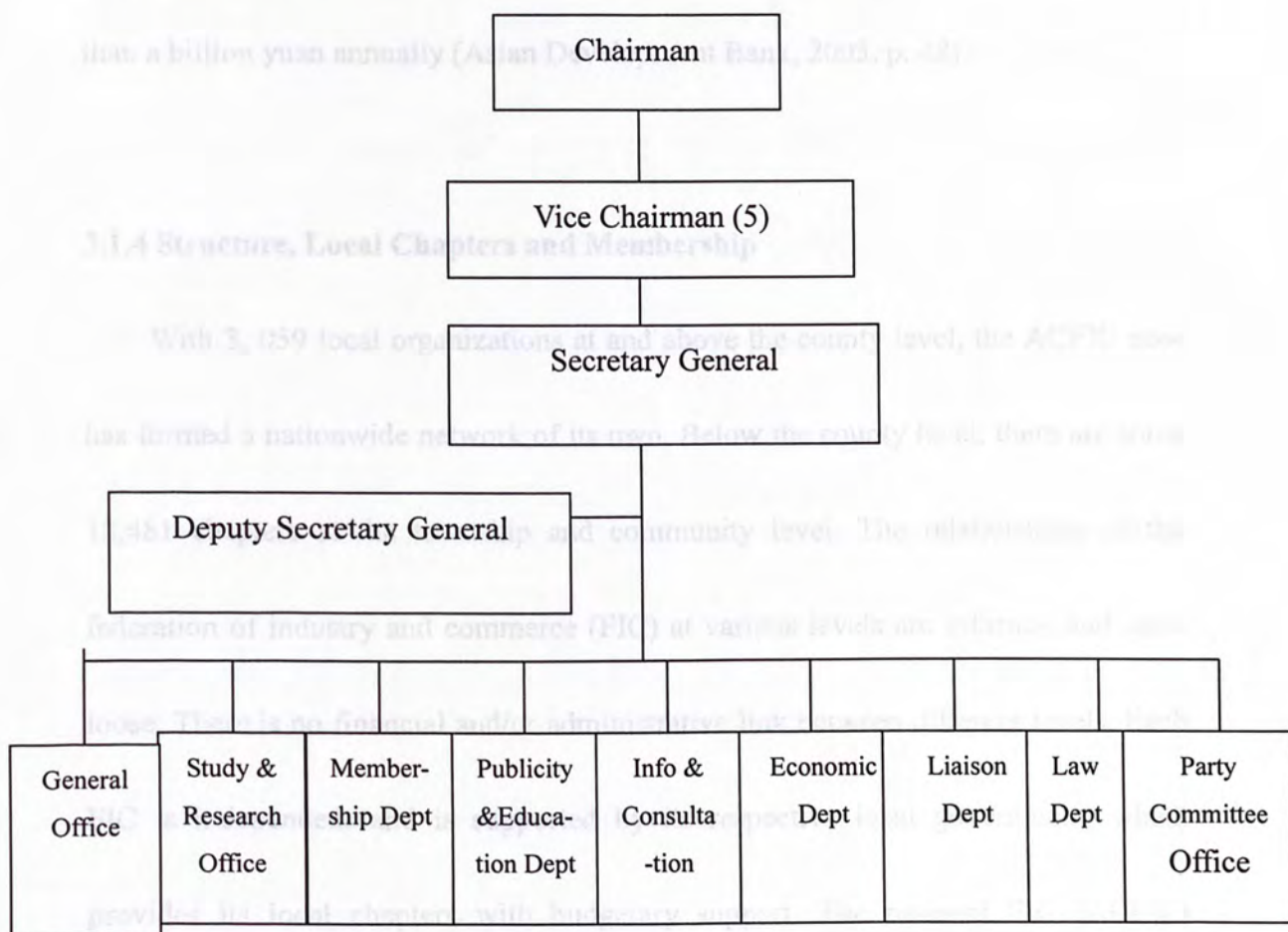
In addition to its role as a bridge from the Party and the Government to industrial and commercial agents external to the formal Communist Party system, the ACFIC is charged with the performance of numerous functions that make its position unique. Specifically, it is empowered to: (i) nominate members to the CPPCC and the National People's Congress (NPC), and propose bills to the NPC to promote the interests of its members; (ii) effect liaison with government officials on policies and regulations affecting non-public business development; (iii) organize such economic events as trade fairs, exhibitions, technology exchanges, and other networking events; (iv) promote foreign economic and technological cooperation and trade, and support linkages between Chinese and foreign companies; and (v) disseminate information on government policies, markets, new technology, and many other things (Asian Development Bank, 2003, p. 49).

3.1.3 Organization, Staffing and Budget

The ACFIC is organized into nine departments and employs 166 staff members (Asian Development Bank, 2003, p. 46). The departments (with staffing numbers in parentheses) are: General office (61), Study and Research Office (14), Liaison (14), Membership (17), Publicity and Education (15), Information and Consultation (16),

Economic (15), Legal (6) and the Communist Party Committee Office (6) (Asian Development Bank, 2003, p. 46). A secretary general supported by one deputy secretary general heads the ACFIC.

Figure 3.1 Organizational chart of the ACFIC



The ACFIC's revenues comprise an annual government appropriation and the fees from organizing events for members. According to the report by Asian Development Bank, based on an average cost per employee of up to 30,000 yuan, the

ACFIC's staffing costs could be as much as 5 million yuan (Asian Development Bank, 2003, p. 48). Adding nonstaff costs would push the ACFIC's annual expenses to as high as 7-10 million yuan (Asian Development Bank, 2003, p. 48). In addition, the government appropriates separately expenses for trade fairs and special projects. In the aggregate, the vast ACFIC system could be costing the public budget more than a billion yuan annually (Asian Development Bank, 2003, p. 48).

3.1.4 Structure, Local Chapters and Membership

With 3,059 local organizations at and above the county level, the ACFIC now has formed a nationwide network of its own. Below the county level, there are some 18,481 chapters at the township and community level. The relationships of the federation of industry and commerce (FIC) at various levels are informal and quite loose. There is no financial and/or administrative link between different levels. Each FIC is independent and is supported by its respective local government, which provides its local chapters with budgetary support. The national FIC (ACFIC) provides guidance to the provincial and local FICs. The provincial FICs provide guidance to their respective local chapters.

The membership of the ACFIC is voluntary. Most members are successful *siying* enterprises and indeed, the ACFIC seeks out high-profile, successful private

enterprises of some scale as members. The membership of the FIC consists of the larger private enterprises—those exceeding eight employees and \$30,000 in assets. The FIC also includes joint ventures, township enterprises, and various other categories of group and individual membership, but private enterprises are the largest single category of FIC members (Nevitt, 1996, p. 27). The membership of the ACFIC is divided into three types: corporate, group and individual members. Each local member is also a member of the ACFIC. By the end of 2002, there have been altogether 1.64 million ACFIC members in the whole country (A brief introduction to ACFIC, 2003).

3.2 Shanghai Federation of Industry and Commerce and Its District Chapters

Established in 1951, Shanghai Federation of Industry and Commerce (SHFIC) was the first federation of industry and commerce at the provincial level. Shanghai has 18 districts and one county. Each of them has established its local FIC. By 2002, over 95% of streets and towns in Shanghai have established their respective local chapters. There are total 20,422 members by the end of 2004; among them 13,893 are non-public sector enterprises (Introduction to SHFIC, 2003).

The main tasks of SHFIC are to participate in the political consultation

regarding political, economic and social affairs in Shanghai; to assist the city government to manage the non-public sector affairs and to do whatever entrusted by the government and related organs; to represent and protect the legal rights and interests of its members; to provide its members with services of information and technology, management, law, accounting, auditing, financing, training, etc.; and to enhance connections and friendship between the personages and organizations of industry and commerce all over the world and to promote cooperation of economy, technology and trade (Introduction to SHFIC, 2003).

The organization of SHFIC is a little bit different from that of the ACFIC. It has eight departments: General Office, Membership Department, Economic Department, Liaison Department, Study and Research Office, Publicity and Education Department, Human Resources Department, and Private Sector Office (Introduction to SHFIC3, 2003). Currently there are one chairman, 5 full-time vice chairmen, 18 part-time vice chairmen and one secretary general (Introduction to SHFIC2, 2003).

In the following part, I will discuss SHFIC and its five district chapters in detail from the findings of the interview.

3.2.1 Functional Changes over the Fifty Years

From the establishment of the FIC, it claims to have “three characters” (*san*

xing): united front, economic, and non-governmental functions. United front function means the FIC is to unite, help, guide and educate all members and to participate in the policy making process. Economic function means the FIC is to provide the members with good services, e.g. to disseminate information on government policies, markets, new technology, and many other things. Non-governmental function means the FIC is to represent the private enterprises to promote foreign economic and technological cooperation and trade, and support linkages between Chinese and foreign companies. Among the three functions, the priority goes to the united front function (*tongyi zhanxian*). Over the fifties years, the function of united front is still prior to the other two functions in SHFIC. And it is claimed to be the main difference between the FIC and the PEA which is more inclined to its economic function. As a United Front Department official declared in a 1991 speech, the Federation “has always been a united-front people’s organization, rather than chiefly an economic organization or a department supervised directly by the government” (Unger, 1996, p. 809). Surprisingly, this research finds FICs at district level began to emphasize economic function. That is because local chapters are closer to their members and members regard economic function as more useful to them. They are not concerned about the united front function.

Because of the government appropriation and high membership fee, there is a

lot of funding for the FIC to organize activities. The FIC provides training services, business advisory services, assistance dealing with government agencies, and assistance dealing with banks and other financial institutions to their members. Besides, members usually get information on market, government policies and financial services from the FIC. The private enterprises have their own technology, so they seldom get information on that aspect. In addition, members get political honors from the FIC such as the representatives of local people's congress.

Although there are no functional changes in essence, there are some changes in the forms of services the FIC delivers. For example, in the past, the FIC in Chang Ning district organized two to three full days' lectures (*xuexi ban*) annually to study the government policies and regulations. But the attendance rate was quite low. Since 1999, the format of lecture has been changed to the symposium, visits, and forums etc (Interview22, Appendix I). As the time is separate, the attendance rate increases and the effects are quite good.

According to the officials in Chang Ning FIC, there are two types of services they provide: passive vs. active services (Interview22, Appendix I). Passive service means when the members ask the FIC for help, the FIC will provide the service they need. It is because there are so many members that it is impossible for the FIC to provide active services. Active service focuses on providing market information.

There is no supervision unit for private enterprises, so they have no channel to know the relevant policies except from the media. But the media does not cover many reports on that aspect. Thus, the FIC organizes the information release conference monthly and invites the relevant government departments to release the government policies which are welcomed by the members.

3.2.2 The Representative Function of the FIC

The FIC is a people's organization assisting the government to manage China's non-public economy and a bridge linking the Party and Government and non-public economic personages. As an organization representing the successful private enterprises of some scale, the FIC represents members' interests by nominating them to the people's congress and people's political consultative conference where they can participate in the policy making process.

At the city level, among the members there are 30 representatives of the people's congress and 50 representatives of the people's political consultative conference. The staff of the FIC conducts research, writes and submits the reports about the private economy to the two conferences.

Table 3.1 The number of FIC members to be the representatives of the two conferences (Appendix I)

Numbers District FIC	Representatives of PC at city level	Representatives of PPCC at city level	Representatives of PC at district level	Representatives of PPCC at district level
Zha Bei	2	2	1	24
Chang Ning	3	2	N.A.	>20
Hong Kou	N.A.	N.A.	>10	>10
Pu Tuo*	N.A.	N.A.	N.A.	N.A.
Yang Pu	N.A.	N.A.	23	34

Note: (1) PC=People's Congress; PPCC=People's Political Consultative Conference.

(2) N.A. = Not Available.

(3) Due to some reason, the interview in Pu Tuo FIC was not conducted.

Although there is such a channel for the FIC to recommend its members to the two conferences, during its daily affairs, the FIC inclines to work for the government.

That is because the staff members of the FIC are civil servants who are employed and paid by the government. Thus, the FIC will not fight against the government's

decisions when there is conflict between the government and members' interests.

Through the interview, most FIC staff expressed that their association could represent the members' interests and the members agreed that the FIC could protect their interests, and represented them to communicate with the government organs.

3.2.3 Funding and Spending

Government appropriation is the main source of the FIC's revenue. Members of the FIC are required to submit their membership fee, but it only accounts for a small part of the FIC's total revenue. One exception is that the revenue of Yang Pu FIC does not come from the government appropriation. Yang Pu FIC has a commercial and residential building, and its revenue is from the rent of that building (Interview18, Appendix I). The government appropriation is usually paid for staff's salaries and daily expenditures. The membership fee is spent on the services for the private enterprises. Besides, SHFIC is responsible for editing the annual report of "Shanghai Private Economy" and that costs around 200,000 ~ 300,000RMB annually (Interview15, Appendix I).

Table 3.2 The membership fee of the five districts' FICs (Appendix I)

District FIC	Membership Fee
Zha Bei	No standard rate: the bigger the enterprise, the more membership

	fee it submits
Chang Ning	3,000RMB for chairman; 1,000 ~ 2,000RMB for vice chairmen; 500, 800, 1,000RMB for regular members
Hong Kou	500RMB
Pu Tuo	N.A.
Yang Pu	1,000RMB for those enterprises with a registered capital more than 500,000RMB; 600RMB for those enterprises with a registered capital less than 500,000RMB

(Interview 22, Appendix I).

From above, we can see that the membership fee differs a lot among the five districts: the least is Hong Kou district—500RMB and the most is Chang Ning district—3,000RMB.

The submission rate of the membership fee is quite low. For instance, in Yang Pu FIC the submission rate is only around 30% of the total (Interview 18, Appendix I). But the FIC does not care that. It cares more about attracting new members as membership is voluntary. According to the staff, when new members want to join the FIC, they will enquire about the membership fee. The FIC does not want to prevent

new members from joining due to the membership fee. Thus it does not pay much attention to the collection of it.

3.2.4 Membership

There are over 300,000 private enterprises in Shanghai; among them over 10,000 are members of SHFIC. The membership rate is low.

The membership of the FIC is voluntary. In order to recruit more private enterprises, the working staff of the FIC visits those successful private entrepreneurs and introduces them the functions and services of the FIC. For example, Chang Ning

FIC first provides services to the potential members and then invites them to join (Interview22, Appendix I).	
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When an enterprise closes down or moves out, it automatically withdraws from the local FIC.	
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There is a loose relationship between the FIC and its members. The staff explained that because the FIC was not a government department it had no administrative sanction. Besides, the members of the FIC are those successful and prestigious enterprises. They have other resources to draw upon to solve their problems and do not need to rely on the FIC.	
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3.2.5 Selection of Leaders

There is a general meeting every five years. The party's united front department nominates the leaders of the FIC first and the members vote for their leaders at the meeting.

The chairman of the FIC is usually appointed by the government. Most of them are government officials. One exceptional case is the chairman of Chang Ning FIC who is a private entrepreneur (Interview22, Appendix I). But he is not responsible for the daily affairs of the FIC. Most of the vice chairmen are private entrepreneurs.

Table 3.3 Proportion of private entrepreneurs out of total vice chairmen (Appendix I)

District FIC	Proportion of private entrepreneurs out of total vice chairmen
Zha Bei	8/11=0.73
Chang Ning	10/15=0.67
Hong Kou	4/8=0.5
Pu Tuo	N.A.
Yang Pu	9/12=0.75

From above, we can see that the proportion of private entrepreneurs out of vice chairmen is high. They are not responsible for the daily affairs as they are busy with their businesses. The secretary general who is a civil servant is in charge of the

day-to-day affairs of the FIC. But the vice chairmen will express their opinions occasionally. Besides, all the working staff members of the FIC are civil servants.

3.3 Relationship between the Federation of Industry and Commerce and the State: are there any changes?

3.3.1 Corporatist Features of the Dual Management System and 1989 & 1998

Document

Before discussing the relationship between the FIC and the state, I'll first introduce the dual management system which regulates the social organizations in China, including the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association. The three associations are operating under that framework or system. Thus it is necessary to discuss the system first.

Dual management system has been in effect since the 1950s, which was re-affirmed by the 1989 provisional regulations and then stipulated as a rule by the 1998 "Regulations on the Registration and Management of Social Organizations". Dual management system refers to dual departmental being responsible for social organization registration, administration and routine activities respectively (Wang, 2001, p. 213). One is called registration and administration department and the other

is the state or Party sponsor, called “supervision unit (*yewu zhuguan*)”. The new Regulation stipulates that the registration and administration department should be the Ministry of Civil Affairs and its local department at all levels, which is responsible for registration of social organizations, modification and cancellation, annual examination, supervision of social organizations in the aspect of how they carry out the regulations and penalize those who violate the regulations (Wang, 2001, p. 213).

According to the 1998 regulation, the related departments of State Council, the local government department from the county-above level, institutions authorized by the State Council or the local government from the county-above level can be selected as the supervision departments (Regulations on the Registration and Management of Social Organizations, 1998, Art 6). Supervision departments are responsible for examination before social organizations’ registration, modification and cancellation, supervising social organizations in order to make them act in accordance with constitution, laws and regulations, policies and their charters, first check of annual examination, co-operating with Registration and Administration Department for dealing with the social organizations’ illegal activities, and supervising the social organizations’ clearing accounts together with other departments (Wang, 2001, p. 213).

From above, we can find strong corporatist features of the dual management system and 1989 & 1998 document. The dual management system strengthens the government's supervision, management and control. This causes China's social organizations to fulfill government responsibilities and needs, thus they must conform to regulations stipulated by the government before they are legally registered. Dual management system is designed with a view to help the government control and manage social organizations, which is a key feature of state corporatism.

Besides, the 1989 Management Regulations on the Registration of Social Organizations have some corporatist features. First, the requirement to affiliate to a superordinate body is a form of state screening and licensing, a corporatist device which seeks to distinguish acceptable from unacceptable organizations. Without the approval of a supervisory body, social organizations face enormous difficulties in registering. This requirement has made it very difficult for more independent social organizations to register and it also allows a government department to set up its own association to prevent a more popular organization from getting registered. Another corporatist feature of the 1989 document is the stipulation that only one organization can represent a particular interest or constituency. In a corporatist system, we find a limited number of singular and noncompetitive interest representations. This effectively limits competition among social organizations and ensures a monopoly of

representation (White et al. pp. 103-104).

Besides the above two features, the 1998 “Regulations on the Registration and Management of Social Organizations” also display a third feature of corporatism. That is, social organizations must register with the appropriate civil affairs department from the county level upwards. This makes it impossible for local groups to enroll members from different areas, thus limiting the potential for the spread of grass-roots organizations that could develop national or horizontal representation.

3.3.2 Relationship between the Federation of Industry and Commerce and the State

The Federation of Industry and Commerce was established by the state in the 1950s when China was in the period of socialist revolution and construction. At that time, the FIC was regarded as a people’s organization of the united battlefield to unite, help, guide and educate the industrial and commercial sector. As the Chinese Communist Party represents the interests of workers, those private entrepreneurs were out of the state administrative system. Thus the FIC was established as a bridge linking the government and the non-public sector. In order to control the FIC, its revenues were mainly from the government and its main leaders—chairman and secretary general were appointed by the government and its staff members were civil

servants. It is a kind of “official” social organization. Moreover, to incorporate the FIC into and as part of the state system, it joined the Democratic Parties as a constituent member of the Chinese People’s Political Consultative Conference. And it can nominate its members to be the representatives of local people’s congress and people’s political consultative conference. Thus members have the channel to express their interests to the state and participate in policy making process on the one hand, and the state has the channel to administer and carry out non-public policies on the other hand.

After over fifty years from its establishment, the government still exerts great influence on the FIC. That is because: first, government appropriation is the main source of the FIC’s revenue; and second, the main leaders are appointed by the government. The membership fee accounts for a small part of the FIC’s total revenue and the submission rate is low. The staff does not care the low submission rate but relies on the government appropriation. Even in Yang Pu FIC where the revenue is not from government appropriation, the influence of the state is still there. That is due to the second reason—the leaders are appointed by the government and staff members are civil servants. There is a general meeting every five years during which the members select their leaders. However, the selection is nominal: the party’s united front department nominates the candidates and the members vote for their

leaders at the meeting. Thus, the chairman of the FIC is usually a government official. The exceptional case is the chairman of Chang Ning FIC who is a private entrepreneur. But he is not in charge of the daily affairs. Although most of the vice chairmen are private entrepreneurs, they are busy with their businesses and express their opinions occasionally. Their existence in the FIC can be regarded as nominal. In the daily operations of the FIC, it is the secretary general and working staff that are responsible for the day-to-day affairs. All of them are civil servants and employed and paid by the government. Therefore, the state exerts great influence on the FIC.

Besides helping the government manage and regulate the private economy, the federation of industry and commerce are actively engaged in the advocacy of members' interests in recent years, especially at the district level. The FIC is a national association officially designated by the state to serve as a "bridge" between the state and the private business owners. It is supposed to play a dual function: to help the government exercise indirect control over the private sector economy and private entrepreneurs, and to serve as the channel of interest articulation for large private entrepreneurs. Although united front function is primary, the district FICs are more concerned about serving their members. They change the forms of services, making them more attractive and provide different services and information that are useful to the members.

From above, we can conclude that there is a corporatist relationship between the FIC and the state. In a corporatist framework, only one organization is recognized by the state as the sole representative of the sectoral interests. In China, the FIC is an organization recognized by the state to represent the high-profile and successful private enterprises of some scale. The staffing of the FIC also reflects the corporatist feature that in order to be granted a deliberate representation social organizations are in exchange for observing certain controls on their selection of leaders by the state. As corporatism is a form of interest representation, the FIC in China engages in the advocacy of members' interests by nominating members to the two conferences, providing different services and assistance dealing with government agencies to their members, and etc.

Although the state exerts great influence on the FIC, there are some changes in the relationship between the FIC and the state in recent years. As stated earlier, in the district FICs, the economic function of the FIC takes precedence of the united front function. It is not simply a focus change but a sign of the changing relationship between the FIC and the state. The staff of district FICs has perceived that the economic function is more important to their members. The members of the FIC are those successful and large-scale private enterprises and they have the power to force the association to represent their interests. And the membership is voluntary. The

members will withdraw from the association if it does not represent them. The staff has realized that and is actively engaged in pursuing the interests of their private entrepreneur members. In the past they were told that united front function was the most important; at present they regard speaking on behalf of their constituencies and representing members' interests as more important although the united front function is still emphasized. However, it should be born in mind that such change is happening at the district level currently. At the city level, the staff still considers united front function is prior to the economic function.

Nevertheless, we should not be too optimistic about that change. The FIC is an organization established and supported by the government in essence. It is not independent as its counterpart in a civil society. It is not formed voluntarily by the members and during its daily operations the state exerts great influence. As the FIC staff members are civil servants, employed and paid by the government, they incline to work for the government when there is conflict between government policies and members' interests. Therefore, the FIC will not fight against the government's decisions and it cannot fully represent the interests of its members.

Whether there will be further changes in the relationship between the FIC and the state or whether the FIC will enjoy more autonomy as its counterpart in a civil society is determined by the state. The vice chairman of Shanghai FIC thinks the

functions of the FIC are determined by the economic and political system of China (Interview15, Appendix I). It is the government/CCP to determine the future development of the FIC. The FIC will play a more and more important role with the deepening of the economic reform. But the precondition is that there are some changes in the political system, as one staff in Zha Bei FIC said (Interview3 Appendix I).

To sum up, over the past fifty years the state still exerts great influence on the FIC from its main functions to its funding and staffing. There are no functional changes in essence. Under a corporatist framework of dual management system, the relationship between the FIC and the state is like those social organizations with the state in a corporatist framework. The FIC helps the government manage and regulate the private economy on the one hand; and represents the private entrepreneurs' interests on the other hand. It is not a simple superior-subordinate relationship between the FIC and the state.

With the development of the market economy, there are some changes in the association, especially at the local level. Unlike its national or city level partner which still emphasizes the united front function, the local FICs started to change its focus to the economic function and began to speak on behalf of the members'

interests. The FIC no longer served the state blindly; it had pressure from the members to strive for their interests. That could be regarded as a dilemma: on the one hand, the FIC relies on the government from the funding to the staffing; on the other hand, it has to fight against the government in some circumstances. Thus, there are some changes in the relationship between the FIC and the state.

In China, the FIC will not evolve into part of a civil society if it means to be independent from the state. There are close relationship between the FIC and the state: the state provides funding and staffing to the FIC and the FIC helps the state unite the successful private enterprises of some scale. A corporatist framework is more useful to explain the changing relationship between the FIC and the state.

4.1 The Self-Employed Laborers Association at National Level

4.1.1 Establishment and Objectives

As early as 1982, the national government directed that localities should begin to organize a self-employed laborers association (SELA) to manage the private entrepreneurs—the stall-keepers and small family and the service businesses—which the state had decided would be allowed to emerge from among China's unemployed (Unger, 1996, pp.797). The central government's Bureau of Industrial and Commercial Administration (BICA) was put in charge of the new association, and in turn the Bureau's regional offices were delegated responsibilities.

Chapter 4 The Self-Employed Laborers Association and Private Enterprises Association

Besides the Federation of Industry and Commerce which was examined in the last chapter, the Self-Employed Laborers Association (SELA) and Private Enterprises Association (PEA) are the other two social organizations set up by the state to represent and oversee the private sector. In this chapter, I will first have a look at the SELA at national level. Then the focus of this research—Shanghai SELA and PEA and their district chapters will be examined based on the interview results. And finally there will be a discussion on the two associations.

4.1 The Self-Employed Laborers Association at National Level

4.1.1 Establishment and Objectives

As early as 1982, the national government directed that localities should begin to organize a self-employed laborers association (SELA) to encompass the petty entrepreneurs—the stall-keepers and small family craft and service businesses—which the state had decided would be allowed to emerge from among China's unemployed (Unger, 1996, pp.797). The central government's Bureau of Industrial and Commercial Administration (BICA) was put in charge of the new association, and in turn the Bureau's regional offices were delegated responsibility

for establishing local branches. By 1985, some 91% of all the counties and cities in China reportedly contained SELAs, and so in 1986 a national SELA was formally inaugurated.

Like the ACFIC, China SELA is a people's organization, composed of self-employed laborers under the leadership of the Chinese Communist Party. It is a mass organization or a transmission belt for individual operators in keeping with the Leninist tradition. The mission of the SELA is to educate the self-employed regarding party policy, law, and proper business practices while protecting their legal rights and interests (Goldman & MacFarquhar, 1999, p. 276). The national Association of the Self-Employed and all its branches exist primarily as means by which the party-state may instruct peddlers and traders about proper and permissible business practice, and regulate their conduct in the market. The very formation of the association in the mid-1980s must be understood as a regulatory response by the state to the perceived dangers and disorderliness of a freer market (Migdal et al., 1994, p. 78).

4.1.2 Functions of the SELA

The main functions of the SELA are to: (i) publicize and carry out the guidelines and policies of the Party and the Government and strengthen ideological

and political work of self-employed laborers; (ii) educate members to abide by laws and to maintain social justice and professional ethics; (iii) provide its members with services of information and technology; (iv) assist the related government bureaus to strengthen the management of self-employed laborers; (v) coordinate the relationship between members and related bureaus; and (vi) develop entertainment and sports activities (Fei & Zuo, 1991, p. 465).

Because of being self-employed, these individual laborers are left out of the “work unit” (*danwei*) system. One intention to establish the SELA is to make it equivalent of the public unit for those self-employed. Like the public work unit, the SELA combines political, economic, and social functions. It polices market places, attempts to enforce the one-child policy, and organizes study sessions to study new laws, party policy, and even Lei Feng. It also organizes product fairs in addition to charity drives, speech contests, and sports competitions. Such activities are meant to improve the reputation and raise the social position of the self-employed (Goldman & MacFarguhar, 1999, pp.276-277). In addition to these activities, the SELA claims to act as an advocate for individual entrepreneurs who have trouble with other government agencies or find themselves in difficulty because of illness or injury (Goldman & MacFarquhar, 1999, pp. 276-277).

4.1.3 Organization, Staffing and Budget

The organizational structure of the SELA is simpler than that of the ACFIC. It has an executive committee of the board of directors (*changwu lishihui*) which is composed of a president (*huizhang*), several vice-presidents (*fuhuizhang*), board of directors (*changwu lishi*) and secretary general (*mishuzhang*). The executive committee sets up an executive organ which is in charge of day-to-day affairs of the association under the leadership of general secretary. Government organs provide many of the association's top personnel. The SELA cadres are at the same time the BICA officials and work in its individual and private enterprise section. Three quarters of its funding come from its supervision bureau—the BICA (Pearson, 1997, pp. 134).

4.1.4 Structure, Local Chapters and Membership

Besides the SELA at the national level, the provinces, cities, and counties establish the local SELAs as well. According to the Constitution of China Self-Employed Laborers Association, the national SELA provides guidance to the local chapters of SELA (Constitution of China SELA, 1991, Art 27).

Membership is legally compulsory. In the SELA, the self-employed laborers automatically become members when they are issued business permits. The

membership of the SELA is comprised exclusively of small-scale private entrepreneurs—such as peddlers, small retailers, artisans, and the owners of repair shops and small restaurants—officially, private businesses with no more than eight employees or \$30,000 in assets (Nevitt, 1996, p. 27).

4.2 Shanghai Self-Employed Laborers Association and Private Enterprises Association and Their District Chapters

Shanghai Self-Employed Laborers Association was established on 3 April, 1986. Similar to the FIC, the eighteen districts and one county of Shanghai established respective local SELAs.

The main tasks of Shanghai SELA are to: (i) educate and organize members to study the laws, statutes and policies; (ii) organize members to conduct self-management and assist the government and related bureaus to supervise and manage the self-employed laborers; (iii) protect the “legitimate” rights and interests of members against arbitrary officials, communicate their opinions and demands to higher levels and provide legal consultancy; (iv) disseminate information on markets, spread new technologies and other things and help solve problems of individual businesses; (v) organize training; (vi) report the development of individual economy to the government and related organs and make suggestions on policies and laws; and

(vii) develop cultural and sports activities and take care of the needy members (Introduction to Shanghai SELA, 2003).

The Shanghai SELA has four departments: General Office, Publicity and Education Department, Grass Roots Department and Service Department (Ma & Liu, 1993, p. 145).

Local and provincial branches of the private enterprises association (PEA) were set up by the BICA beginning in the late 1980s and early 1990s to accommodate medium-sized entrepreneurs such as this. The Chinese Communist Party leadership has not established a PEA at the national level, where an organization already exists to represent the private sector, namely the ACFIC. Most provinces, cities and counties have established the local PEAs.

Shanghai PEA was established on 27 December 1991. It intends to serve as a bridge between the Government and the Party and the private sector. The eighteen districts and one county of Shanghai established their local PEAs.

The main tasks of Shanghai PEA are similar to those of the SELA. The only difference is that the members of the PEA are composed of private enterprises while those of the SELA are composed of individual laborers (*getihu*). The official dividing line between a *getihu* and a private enterprise is determined by the number of full-time personnel it employs: when a business reached eight or more it was to

become a private enterprise. The membership of the PEA is compulsory.

Compared to the SELA, the organizational structure of the PEA is simpler. When it was established in 1991, there was one president, seven vice presidents, one secretary general and two deputy secretaries general (Ma & Liu, 1993, p. 172). The secretary general is in charge of day-to-day affairs of the association.

From the Constitution of the PEA, the revenues of the PEA come from: (i) membership fees; (ii) various appropriations; (iii) donations; and (iv) others (Constitution of Shanghai Private Enterprise Association, 2001, Art 17).

Like Shanghai SELA, the PEA is under the supervision of the BICA as well. During the interview, it is found that the two associations are under the leadership of one president. And there are two secretaries general in charge of the SELA and PEA's operations respectively. The two associations are operated in the same place and by the same group of staff. The only difference between the two associations is the targets they serve. They essentially comprise one batch of people under two different signboards (*yiban renma, liangkuai paizi*). Thus, in the following part, I will combine the two associations for examination and discussion.

4.2.1 Organizational Structures of the SELA and PEA

The SELA and PEA are one group of people under two different signboards.

Thus, there is one president in charge of Shanghai SELA and PEA, and two secretaries general in charge of the daily affairs of the SELA and PEA respectively. Vice presidents of Shanghai SELA and PEA are individual laborers and private entrepreneurs. The rest working staff is recruited from society and has to attend the short courses (*peixun ban*) before taking up their work. One exception is that the SELA and PEA in Chang Ning district are in two different places (Interview10&11, Appendix I). They are the only SELA and PEA in Shanghai that operate separately. Therefore, the SELA and PEA in Chang Ning district have their own president.

The SELAs and PEAs in Shanghai are divided into three layers. The first layer is the city level: Shanghai SELA and PEA. The second layer is the district level: district SELA and PEA. And the third layer is the street level: the working committees.

Table 4.1 No. of BICA officials in the SELA and PEA (Appendix I)

District SELA and PEA	No. of BICA officials
Zha Bei	2
Chang Ning	4
Hong Kou	4
Pu Tuo	2
Yang Pu*	5

Note: Yang Pu SELA and PEA have more BICA officials because Yang Pu district is larger and has more population than the other four districts.

From above, we can conclude that the closeness of the SELA and PEA with the state is not as great as that of the FIC with the state from the perspective of associations' staffing. The staffing of the FIC including main leaders and working staff are civil servants while most working staff of the SELA and PEA are recruited from the society except the president and secretary general who are BICA officials.

4.2.2 Functional Changes

Similar to the FIC, there is no functional change in essence in the two associations compared to their early establishment. Although the SELA and PEA are established as the bridge between the government and private sectors on the one hand and to represent the interests of individual laborers and private enterprises on the other hand, they emphasize their control function in the daily operation. According to the BICA staff, the SELA and PEA are social organizations to the outside; and regarded as one department of the BICA to the inside. The daily operation of the two associations is under supervision of the BICA. Their function is mainly to assist the BICA to control individual laborers and private enterprises. Not all associations I

interviewed had the same feeling. For instance, the president of Yang Pu PEA held a different view and thought there were some functional changes in the PEA: from serving the government in the past to serving both the government and members (Interview17, Appendix I). Only by doing so, the association can have vitality.

Like the FIC, the forms and the propagandistic slogans of the services the SELA and PEA provide have been changed. The functions of the SELA and PEA are from “three characters” to “eight words”. The “three characters” means the political (the propaganda of policies, laws and regulations), economic (the provision of market information) and social (the liaison between associations and members) functions they provide. The “eight words” are “representation (*dai biao*), serving (*fu wu*), coordination (*xie tiao*), and self-regulation (*zi lv*)”. The staff explained that with the development of the market economy, the advocacy of “three characters” was out of date. They thought the “eight words” expressed the functions of the SELA and PEA more clearly and was also the goals the two associations intended to achieve. From the interview, it was found the two associations focused on serving and self-regulation functions in the daily affairs. Representation of members’ interests is not enough.

The different district chapters provide varieties of services to their members. For example, Chang Ning SELA provides direct and indirect services to its members

(Interview10, Appendix I). Direct services are those the SELA sends towels, soaps etc to the members in summer; and blankets and gloves in winter. Indirect services are those training courses and provision of legal consultation. Another example is the branch in Zhonghua Xin Road, Zha Bei district established a mutual aid committee and set up mutual aid funds (Interview2, Appendix I). Every individual laborer submits 50RMB. When any member has difficulties, the mutual aid funds will help him or her.

4.2.3 The Representative Function of the SELA and PEA

Different from the FIC, the SELA and PEA cannot nominate members to local people's congress and people's political consultative conference.

The secretary general of Hong Kou PEA said that the representative function of the PEA was weak (Interview20, Appendix I). Currently it is a quasi-governmental organization. If the BICA could withdraw from the daily operations of the SELA and PEA, they would become a genuine non-governmental organization. The BICA officials also admitted that there were few circumstances that the SELA and PEA would represent members' interests because of its official background. It is an institutional problem. And it is the government that the SELA and PEA serve instead of the members.

The vice president of Pu Tuo SELA had the same thoughts. The working staff of the two associations is accountable to their president (the vice director general of the BICA) instead of their members (Interview13, Appendix I). As the SELA and PEA are highly dependent on the BICA's support, the priority of the SELA and PEA is to serve the interests of the government and the BICA. It is difficult for the SELA and PEA to represent members' interests. They try to change the situation, but within the Chinese political and economic system, they can do nothing.

Different from them, the secretary general of Chang Ning PEA held an optimistic view (Interview11, Appendix I). He thought his association could represent members' interests from the views of members. However, from his conversation it is him whom the members recognize instead of the association. He is a civil servant and the CCP member, and regards serving the members is the most important. Thus the members recognize him and his work but still regard the PEA as a government organization to control them instead of representing their interests. Because of his outstanding work, some successful private enterprises joined the PEA. For example, there is one representative of the CPPCC, two representatives of Shanghai People's Congress and one representative of Shanghai People's Political Consultative Conference among the members of Chang Ning PEA. Over thirty members are at the same time members of Chang Ning FIC. The case of Chang Ning

district shows that although the staff cannot change the system, they can change their attitudes and serve the members. They can make the members recognize them first, and then step by step, the members will recognize the association.

The vice president of Yang Pu PEA also thought his association could represent the members' interests (Interview 17, Appendix I). He gave an example. During the period of SARS, the government required all restaurants to close down. Then the PEA asked the government not to close all restaurants based on their sanitary status. And because of SARS, the businesses of individual laborers and private enterprises were bad. The PEA succeeded in persuading the BICA to exempt them from one year tax and management fee.

In interviews with both the staff and members of the SELA and PEA, the staff seemed more inclined to be up-beat about their association by emphasizing its achievements in its relations with the state and its overall usefulness to members, while the members seemed inclined to be more dismissive, believing that their association had only been able to help them with relatively minor problems. The members hold the associations in very low regard. The SELA and PEA members have fewer resources to draw upon than the FIC members, and in particular do not have close ties with influential officials. When personal ties are so difficult, relying on their association seems to be the only option for the SELA and PEA members. But

it is not the case. When faced with any kind of business problem, the members indicated that the SELA and PEA would be the last place they went for help. The association usually cannot solve the problems they face, thus they won't ask the association for help. One member said that he could not find the SELA for help when he faced problems, so he solved it by himself (Interview6, Appendix I).

4.2.4 Funding and Spending

In the past, some of the associations' revenue came from their supervision bureau—the BICA. Since 2001, there is no appropriation from the BICA. The membership fee is the only source of revenue. One exception is that Zha Bei SELA and PEA still get 30% of their revenue from Zha Bei BICA (Interview2, Appendix I).

Table 4.2 The membership fee of the SELA and PEA (Appendix I)

SELA and PEA	Membership fee of the SELA	Membership fee of the PEA
Shanghai	120 ~ 240RMB	900RMB for those enterprises with a registered capital more than 2,000,000RMB; 700RMB for those enterprises with a registered capital between

		1,000,000 ~ 2,000,000RMB;
Pu Tuo	120 ~ 240RMB	500RMB for those enterprises
Yang Pu	120RMB	with a registered capital below
		1,000,000RMB
Zha Bei	120RMB	300 ~ 600RMB
Chang Ning	200RMB for those doing business outside the market;	900RMB for those enterprises with a registered capital more than 2,000,000RMB;
	100RMB for those doing business inside the market	at least 400RMB for regular members;
		200RMB for those enterprises suffering a loss
Hong Kou	180 ~ 240RMB	800RMB for those enterprises with a registered capital more than 1,000,000RMB;
		600RMB for those enterprises with a registered capital 500,000 ~ 1,000,000RMB;
		400RMB for the privately owned

		enterprises
Pu Tuo	120 ~ 240RMB	400, 600, 900RMB
Yang Pu	120RMB	400, 600, 900RMB

From above, we can conclude there is no standard membership fee in different districts of Shanghai. It seems to be determined by the business status of members. Zha Bei and Yang Pu districts are relatively poorer than the other three. So the membership fee of the SELA in those two districts is relatively fewer. The membership fee of the PEA does not differ a lot among the five districts because it is not much already.

The membership fee is the only source of the SELA and PEA's revenue, so the revenue is not as much as the FIC's. The limited revenue does not have much influence on the SELA and PEA's daily operations. The staff makes a budget according to the amount of revenue. The reason may be that the SELA and PEA have no need to organize large-scale activities because their members are individual laborers and small-scale private enterprises.

Some of the district SELA's revenues are submitted to Shanghai SELA. For example, 10% of Chang Ning SELA's revenue is submitted to Shanghai SELA and 5% to 10% of Hong Kou SELA and PEA's revenue is submitted to Shanghai SELA

and PEA (Interview10&20, Appendix I).

The revenue is used to pay for the working staff's salaries, daily expenditures, and services for the members.

4.2.5 Membership

There are currently over 260,000 individual laborers, and among them 230,000 are members of Shanghai SELA (Interview12, Appendix I). The coverage rate is 88%. Additionally, there are over 300,000 private enterprises, and among them 200,000 are members of Shanghai PEA. The coverage rate is 67% (Interview12, Appendix I).

Table 4.3 Members of the SELA and PEA (Appendix I)

	The SELA members	The PEA members
Zha Bei district	Most individual laborers are the SELA members	Most private enterprises are the PEA members
Chang Ning district	2,000~3,000 members out of 6,000 individual laborers	Most private enterprises are the PEA members
Hong Kou district	Over 90% individual laborers are the SELA members	90% private enterprises are the PEA members
Pu Tuo district	All of the individual laborers are the SELA members	1/3 private enterprises are the PEA members

Yang Pu district*	59% individual laborers are the SELA members	32% private enterprises are the PEA members
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Note: In 2003, the SELA and PEA in Yang Pu district re-registered their members. The percentage here was the data got from 2004 summer field work and it is not the final number.

From above, the membership rate of the SELA and PEA is higher compared to that of the FIC. It is because the membership is compulsory. During the interview, the staff expressed that the SELA and PEA had begun to adopt the voluntary policy when recruiting new members (Interview10, Appendix I). The members said that although it was voluntary to join the association currently, in fact the membership was still compulsory (Interview19, Appendix I).

Although the membership rate of the SELA and PEA is high, there is a loose relationship between members and associations. Over 50% of the members have no idea about where the two associations are. For example, during the interview, the members in Zha Bei district said they did not feel the existence of the SELA, only knowing they submitted 120RMB membership fee annually (Interview5&8, Appendix I). There is not much communication between the association and its members. One individual laborer said the SELA was a nominal association. He

didn't know how much the membership fee was. The officials in the BICA came to collect it and he submitted (Interview6, Appendix I).

If the membership is not compulsory, some individual laborers said they would not join the SELA any more. Others said they would still join the association as it was better to have an organization to depend on and when they faced problems in the future they could ask the association for help.

4.2.6 Selection of Leaders

Like the FIC, there is a general meeting in the SELA and PEA every five years. The working committees nominate the candidates first and the members vote for their leaders at the meeting. The president of the SELA and PEA is the vice director general of the BICA who is in charge of private economy. Actually the president, secretary general and vice secretary general of the SELA and PEA are assigned by the BICA. Selection of leaders is just a form.

Most of the vice presidents of the SELA and PEA are individual laborers and private entrepreneurs. They are busy with their businesses and are not responsible for the daily affairs. Their existence can be regarded as nominal.

4.3 The Self-Employed Laborers Association and Private Enterprises

Association: a new form of government appendages?

The context of establishing the SELA and PEA is different from that of the FIC. With development of the private economy, an organization is necessary to be set up to educate the individual laborers and private entrepreneurs and provide services to them. Therefore, on July 19 1986, the state approved the establishment of China SELA and put it under the supervision of the BICA. Some years later, the PEA was set up by the government to accommodate medium sized private enterprises.

From the SELA and PEA's early establishment, the state exerted great influence on them. Firstly, the SELA and PEA were set up and licensed by the government and were under fairly strict control of its superior organ, the BICA. The constitution of the SELA and PEA states directly that they are mass organizations under the "leadership" of the Party and government and receive the guidance of the BICA. And one of the important functions of the associations is to control and regulate the individual laborers and private enterprises. Secondly, the associations' main leaders were the BICA officials and three quarters of its funding came from the BICA. There is a selection of leaders every five years, but it is nominal. The president of the SELA and PEA is usually the vice director general of the BICA and the secretaries general who are in charge of the associations' daily affairs are BICA officials.

When compared to the FIC, the SELA and PEA are not as close to the state as the FIC. All of the FIC's working staff members are civil servants while most staff of the SELA and PEA are recruited from society. In recent years, the SELA and PEA's funding no longer comes from the BICA's appropriation. It comes entirely from membership fee. And most of the working staff's salaries are from membership fee except the BICA officials in the SELA and PEA. From this sense, the SELA and PEA operate like social organizations and the state's influence on them is not as great as on the FIC.

One may argue that the SELA and PEA—several steps further removed from the government than the FIC, with most staff recruited from society, and with fully financial dependence on their membership—would seem more likely to exhibit *de facto* civil society characteristics. In fact, the opposite is the case: the SELA and PEA in Shanghai do very little in pursuing their members' interests. Most district SELA and PEA cadres are not particularly interested in serving the needs of their membership at all; their institutional loyalties lie very firmly with the BICA. The members hold the associations in low regard, and that the SELA and PEA are among the last places they will go for help when faced with any kind of business problem. Most of the SELA and PEA members who were interviewed expressed the view that it was the best to avoid interactions with officialdom.

The reason may be that although membership fee is the only source of the associations' revenue, the collection of membership fee is still dependent on the BICA. During the interview, I was told that the staff of the SELA and PEA did not collect membership fee because they had difficulty to do that. It is the BICA officials who collect it when they ask the individual laborers or private enterprises to submit the management fee. Secondly, the main leaders—the president and secretary general are the BICA officials and it is them that are in charge of the daily affairs. Different from the FIC staff that begins to speak on behalf of their members, the staff in the SELA and PEA simply concentrates on fulfilling their control functions but does not waste resources pursuing the members' interests. Thirdly, the SELA and PEA were set up and licensed by the government. The BICA is the supervision bureau of the SELA and PEA. It is the BICA that appoints the leaders of the SELA and PEA. Thus the two associations won't do anything that is not allowed by the bureau. Both the BICA officials and staff of the SELA and PEA admitted that the SELA and PEA were quasi-governmental organizations. The BICA provides guidelines and supervision for the SELA and PEA. Every year the two associations submit their annual plan, working reports and annual summary to the BICA, and the BICA examines and approves the activities the SELA and PEA plan to organize. Thus we can conclude that the SELA and PEA are still under tight control of the state.

The relationship between the SELA and PEA and the state is of some state corporatist characteristics. The SELA is the social organization to represent the individual laborers and small-scale private enterprises with no more than eight employees and the PEA is the one to represent private enterprises with more than eight employees. Both of them were set up and licensed by the government. Besides, the BICA provides the associations' top personnel and help the associations collect the membership fee. The membership is obligatory in the SELA and PEA since entrepreneurs are forced to join at the point of registering their businesses with the local government. Although the staff said they had begun to adopt voluntary policy when recruiting new members, the members did not think so and still regarded joining the SELA or PEA as compulsory. That is because as long as the SELA or PEA is connected with the BICA, the membership is compulsory.

However, I should argue that the state corporatist framework only exists in structural terms. It does not exist in essence. The two associations do not really play an intermediary function between their assigned constituencies and the state. Although the constitution stresses dual control and advocacy functions, they are supposed to perform minor advocacy functions. During the daily operations, the emphasis is put on how to help the BICA control and regulate the individual laborers and private enterprises. The representative function is limited by their status and

nature. The associations are accountable to their president—the vice director general of the BICA—instead of their members. The government is so competent and strong that the associations can only play a marginal role. Thus the SELA and PEA can be regarded as appendages of the BICA. The relationship is just like the SELA and PEA are one department of the bureau. It is reflected in the conversation with one district SELA staff. The secretary general of Chang Ning SELA hoped that the BICA could pay more attention to the SELA and she hoped her work could satisfy the BICA leaders (Interview10, Appendix I).

Besides, other government bureaus also regard the two associations as the BICA's appendages. For example, the secretary general of Chang Ning PEA said that the other government bureaus did not regard the PEA as a social organization when he contacted with them (Interview11, Appendix I). Instead they regarded it as a department of the BICA. The vice president of Pu Tuo SELA shared the same view: it was easier to conduct work under the name of the BICA than under that of the SELA or the PEA (Interview13, Appendix I).

During the interview, some staff of the SELA and PEA expressed they wanted to change the situation and to represent their members' interests. The secretary general of Zha Bei PEA said the association not only did what the BICA assigned, but also expanded its services when necessary (Interview2, Appendix I). The secretary

general of Shanghai SELA said in the past the two associations were the bridge between the government and the private economy; while in the future they should provide more services to their members and represent or even strive for the members' interests (Interview12, Appendix I). Otherwise, there was no need for them to exist. Besides, he hoped the representative function of the SELA and PEA could be strengthened so that they could nominate members to the two conferences. As currently the SELA and PEA are one group of people under two different signboards, the staff hoped the two associations would be separated in the future because of the different constituencies they served. But above are just staff's personal thoughts and there is no sign that they apply what they think to their daily work. Members still hold the associations in low regard and associate them with government departments.

To conclude, there are some changes in the SELA and PEA from their early establishment. They change from "official" organizations to "semi-official" organizations, exhibiting some corporatist features. But there is no essential change in their relationship with the state. They are just the bridge between the government and private sector. The main reason is that the establishment of the two associations is not for interest representation but for state control. With the private economy developed in the 1980s, the government authorized the BICA to set up the SELA and

PEA as a response to the perceived dangers and disorderliness of a freer market. The establishment of the SELA and PEA was to keep the individual laborers and small-scale private entrepreneurs which were out of the public work unit system in control. The SELA and PEA do provide a lot of services to their members. But the emphasis is put on how to help the BICA control and regulate the increasingly complex private sector. Therefore, the SELA and PEA can be regarded as new elements of the state's administrative system with some corporatist features.

Although there are some changes in the SELA and PEA in recent years such as the funding no longer coming from the government, the state still exerts great influence on the two associations. The SELA and PEA are under fairly strict control of the BICA—main leaders are the BICA officials and the collection of membership fees relies on the BICA. Not like the FIC where the staff began to speak on behalf of their members, the SELA and PEA's cadres regarded fulfilling their control functions as the most important. The reason may be that the members of the SELA and PEA are those small-scale private enterprises and they have no power to force the associations to represent their interests. Besides, there is not much room for the SELA and PEA to develop when other government bureaus regard them as the BICA's department instead of independent social organizations. Therefore, the two associations are government's appendages under the veil of social organizations.

Chapter 5 The Relationship between the Federation of Industry and Commerce and the Private Enterprises Association

In the last two chapters I examined the FIC, the SELA and PEA in Shanghai and discussed their relationship with the state. We know that the members of the SELA are self-employed laborers and small-scale private entrepreneurs and those of the FIC are high-profile and successful private enterprises, so there is no relationship between the SELA and the FIC. But there are some overlaps in the membership of the FIC and the PEA. A discussion on the relationship between the two private business associations is necessary to see whether that relationship has impact on their daily work and their relationship with the state.

5.1 The PEA as A Group Member of the FIC

The PEA represents private enterprises with more than eight employees while the FIC represents high-profile and successful private enterprises of some scale. Thus, there are some overlaps in the membership of the FIC and the PEA. From the interview, it is found that Shanghai PEA is the group member of Shanghai FIC. Usually the leaders of the PEA are leaders of the FIC at the same time, and vice versa. For example, the vice chairman of Shanghai FIC is the vice president of Shanghai

PEA and he attends the meetings held by the PEA.

Among the five districts' PEAs I interviewed, all are group member of the local FIC except Hong Kou PEA. The staff of Hong Kou PEA said their relationship with the FIC was not so good, thus they did not join the FIC as a group member.

As the FIC is a member of the people's political consultative conference and the PEA is only regarded as a department of the BICA, the FIC holds a higher political status than the PEA and receives more resources from the government. District leaders usually attend the meetings of the FIC and members also attend. On the contrary, district leaders do not attend the meetings held by the PEA and so the members' attendance rate is low.

5.2 The FIC and the PEA: lack of interaction

Since there are some overlaps in the membership of the FIC and the PEA, in many instances, there is duplication of activities between the FIC and the PEA, with the two associations competing in supplying certain services to its members. Despite these overlaps, it has observed that, in general, there seems to be a lack of coordination and cooperation between the FIC and the PEA at the working level.

The main function of the FIC is to represent the largest and most prestigious private enterprises, thus it does not represent all private enterprises and it also does

not intend to. The daily work of the FIC is focused on its united front function and it offers political honor by nominating its members to the two conferences. Compared to the FIC, the PEA focuses on its economic function. Usually there is no interaction between the PEA and the FIC except a joint meeting annually to share the development of private economy because the FIC has no channel to gain that information. In some cases the two associations cooperate. For instance, Shanghai FIC and Shanghai PEA once assisted the Hong Kong enterprises to hold a recruitment talk in Shanghai (Interview12, Appendix I). Besides, the PEA helps the FIC recruit new members.

5.3 Perceived Competition between the FIC and the PEA

Although there is not much interaction between the FIC and the PEA, their staff still feels some competition from each other. Most FIC staff thought there was no competition between them because the FIC provided free services to its members. The staff of Yang Pu FIC held a different view and said there was some competitive relationship between the FIC and the PEA (Interview18, Appendix I). Some PEA's staff had the same view. For example, the secretary general of Zha Bei PEA said there was some competition between the PEA and the FIC (Interview2, Appendix I). Thus she did not tell the FIC about the PEA's daily affairs. The secretary general of

Hong Kou PEA also felt some pressure from the FIC (Interview20, Appendix I). So she tried to provide better services to attract or maintain the members. She also thought the FIC could provide better services to its members as it had more resources from the government.

From the interview with the BICA officials, it is surprised to know that there is some competition between the FIC and the BICA (Interview9, Appendix I). That is because the FIC wants to incorporate the PEA as it regards itself as the representative of private enterprises. But the BICA did not agree. The BICA has the first-hand information about the private enterprises, thus the PEA is updated with the information about the development of their members. If the PEA is combined into the FIC, it will lose that function and it is also difficult for the FIC to collect the membership fee. The members also expressed that they felt there was some conflict between the leaders of the FIC and the PEA.

5.4 Perceived Advantages by the FIC and the PEA's Staff

Although the staff feels some competition from the other association, it does not have much influence on their daily work. The reason is that the staff holds their own association in high regard. Both the staff of the FIC and the PEA emphasize the advantages of their association over the other one. On the one hand, the staff of the

PEA said the PEA had some advantages in its daily work. Due to the close relationship with the BICA, the PEA knows the development of individual laborers and private enterprises. The FIC has no such channel. Besides, the PEA issues one magazine called "Information Expressage" (*xinxi kuaidi*) which is about the government policies and market information to its members twice a month. The magazine is useful to its members and welcomed by them. The secretary general of Chang Ning PEA said during his daily work, he did not have any pressure from the FIC and did not care the functions of the FIC (Interview11, Appendix I). To him, the PEA responds quickly to the needs of its members. When the members have difficulty (e.g. industrial or commercial problems), they will prefer to ask the PEA for help. He said that the private enterprises joined the FIC for the sake of political interest as the FIC could nominate members to local people's congress and people's political consultative conference.

On the other hand, the vice chairman of Shanghai FIC said compared to Shanghai FIC, Shanghai PEA had less representative function (Interview23, Appendix I). That is because: first, the administrative rank of the chairman of the FIC is higher than that of the PEA. The chairman of the FIC is a national leader while that of the PEA is the director general of the BICA. Second, the members of the FIC have the power to push the FIC to represent their interests because they are high-profile

and successful private enterprises. The members of the PEA do not have such power because they are small-scale private enterprises. Third, because of the status of the FIC, there is some relationship between the FIC, city government, city people's congress and people's political consultative conference. The FIC can help the private entrepreneurs solve their financing problems which they usually face when conducting businesses. Thus Shanghai FIC has more channels and resources to represent their members. But the district FIC's staff members are not as optimistic as the vice chairman of Shanghai FIC. For instance, the staff in Zha Bei FIC said due to *the close relationship with the BICA*, the PEA provided a variety of services to its members (Interview3, Appendix I). The reason why district FICs feel some competition from local PEAs may be that the economic function of the FIC is more emphasized at the district level. In that aspect, due to the close relationship with the BICA, the PEA has some advantages over the FIC. At the city level, united front function of the FIC is more important, and in that aspect, the PEA cannot compete with the FIC. That is why the city level and district level of the FIC hold different views to the PEA.

From above, we find what the staff of the FIC and the PEA care most is not the quality of services they provide or the members' views towards the association. What they care is the closeness of the association to the government and they think that is

the most important. As the FIC is a member of the people's political consultative conference, it can nominate its members to the conference and people's congress. In other words, the FIC has a strong representative function. That is what the PEA pursues and cares. Due to the close relationship with the BICA, the PEA has an updating understanding of the market and development of private economy, which the FIC lacks. The relationship between the FIC and the PEA fits the state corporatist framework, where the associations struggle for the closeness with the state.

To conclude, there is a complex relationship between the PEA and the FIC. As the PEA is the group member of the FIC, there is cooperation in some aspects. Although there is not much interaction in the daily operations of the two associations, both of them feel some competition from each other. Different districts have different experience. Some feel the existence of the FIC threatens the functions of the PEA while others feel nothing. But the feeling of competition does not have much influence on their daily work. The reason is that the staff believes they have their own advantages: the FIC has more representative power while the PEA emphasizes its economic function. The complex relationship between the FIC and the PEA does not affect their relationship with the state. In fact the advantages of the two associations come from their status and their closeness with the government.

Therefore, in today's China, it is the state that decides the social organization's functions and social organization cares more about its closeness with the state. The state exerts great influence on the social organizations.

Both the economic and social organizations, some associations were set up to represent the private sector. Due to the restraint time and manpower, this thesis selects Shanghai as a case study and examines three private business associations there—the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association. The FIC represents high-profile and successful private enterprises of some scale. The members of the SELA are those small-scale private enterprises with no more than eight employees and those of the PEA are private enterprises with more than eight employees. All the three social organizations are operated under China's dual management system.

The thesis aims at answering the following questions: what is the development and changes of the three associations compared to their early stage? How do they represent the members' interests? To what extent is the state influence on the three associations and are there any changes? What is the relationship between them and the state?

In order to answer the above questions, literature and the secondary data and primary data analysis are the basis of this study.

Chapter 6 Conclusion

The economic reform since 1978 provides an opportunity for the private economy to develop in China. With the development of both the economy and social organizations, some associations were set up to represent the private sector. Due to the restraint time and manpower, this thesis selects Shanghai as a case study and examines three private business associations there—the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association. The FIC represents high-profile and successful private enterprises of some scale. The members of the SELA are those small-scale private enterprises with no more than eight employees and those of the PEA are private enterprises with more than eight employees. All the three social organizations are operated under China's dual management system.

The thesis aims at answering the following questions: what is the development and changes of the three associations compared to their early establishment and can they represent the members' interests? To what extent is the state's influence on the three associations and are there any changes? What is the relationship between them and the state?

In order to answer the above questions, literature and documentary review and primary data analysis are the basis of this study's methodology. Besides Shanghai

FIC, SELA and PEA, the study selected five districts in Shanghai, and conducted interview with the staff of the three associations, some members and the BICA officials. The interview results were mainly used to discuss and analyze the development and changes of the three associations and the state's influence on them. In order to answer the relationship between them and the state, theories of corporatism and civil society are reviewed and used as a conceptual framework. Other scholars' discussions on the application of the two theories to China are also included. Studies on the private business associations in China are used as reference when analyzing the interview results. As the arguments and conclusions of this thesis are based on the field work in Shanghai, this research may neglect some important practices in other places and only achieve a low level of generalization.

The study finds that in a corporatist framework of dual management system, the FIC, the SELA and PEA operate differently. Although the three associations were established by the government, the initiative is different. The FIC was set up in the 1950s and the main objective is to unite and educate the private entrepreneurs—the united front function. With the development of the private economy, the united front function is still a priority, especially at the national and provincial/city level. The set-up of the SELA and PEA is the outcome of the market reform. They were established in the 1980s and 1990s and the initiative behind is to control and regulate

the individual laborers and private enterprises.

Over the fifty years since the FIC's establishment, there are no functional changes in essence. That is, the united front function is a priority, together with the economic and non-governmental function. There are some changes in the forms of services that the FIC delivers. The FIC cannot fully represent their members' interests as the staff members are employed and paid by the government. When there is conflict between government policies and members' interests, the staff inclines to work for the government. The state exerts great influence on the FIC's daily work. The funding of the FIC is mainly from the government and all the staff members are civil servants. There is a corporatist relationship between the FIC and the state: it was established by the government and under the leadership of the CCP; it can represent members' interests to some extent by nominating members to local people's congress and people's political consultative conference; and the daily operations are subsidized by the state and the leaderships are selected by the government. There are some changes in the relationship between the state and the FIC in recent years, especially at the district level. The staff does not work for the government blindly and begins to emphasize the FIC's economic function and speaks on behalf of its members under the pressure of them.

The SELA and PEA are established as the bridge between the government and

the private sector. They are one group of people under two different signboards. Their function is mainly to assist the BICA to control and regulate individual laborers and private enterprises and that function does not fade out with the development of the private economy. Although there is no functional change in essence, the SELA and PEA changed the slogans of their services from “three characters” to “eight words”. In recent years, the revenue of the SELA and PEA entirely comes from membership fee and most working staff is recruited from society. But the influence of the state is still there. The SELA and PEA are under supervision of the BICA. The BICA approves the annual plan and the associations will not do anything that is not allowed by the bureau. The SELA and PEA are social organizations which claim to have dual control and representative functions. But the representative function is weak. The staff focuses its control function in the daily work and regards the associations as “work units” for those self-employed laborers. Thus they care more about providing some welfare to the members such as giving towels and soaps. They do not pay much attention to the members’ interests and members hold the association in very low regard and express it is the last place they go for help. The SELA and PEA are more like government appendages instead of social organizations. They are new elements of the state’s administrative system in the context of the economic reform.

The PEA is a group member of the FIC. And there is duplication of activities between the FIC and the PEA in many instances. But it is observed that there seems to be a lack of coordination and cooperation between the two associations at the working level. Although the FIC and the PEA feel some competition from each other, it does not have much influence on their daily work. That is because they believe they have their own advantages: the FIC has more representative power while the PEA emphasizes its economic function. The perceived advantages come from their relationship with the state: the FIC is a people's organization with the united front function and the PEA is a quasi-governmental organization.

Table 6.1 Comparison of the FIC, the SELA and PEA in Shanghai

	The FIC	The SELA and PEA
Establishment	By the state in 1950s	By the state in 1980s and 1990s
Supervision Unit	United Front Department	The Bureau of Industrial and Commercial Administration
Objective	To unite and educate members	To control and regulate members
Organizational Structure	Different departments; complex	Simple

Personnel	All are civil servants	Most are recruited from society
Funding	Government appropriation +Membership fee	Membership fee
Membership	Voluntary	Compulsory
Programme	Decided by itself	Approved by the BICA

In conclusion, the Federation of Industry and Commerce, the Self-Employed Laborers Association and Private Enterprises Association are three private business associations set up by the government. The state's initiative in establishing them is different. The FIC is aimed to unite and educate the high-profile private enterprises which are out of the state's administrative system. When interacting with the state, those successful private enterprises make advantage of their power to force the FIC to represent their interests in recent years. The SELA and PEA were set up to control and regulate those self-employed laborers and small-scale private enterprises which were the outcome of the economic reform. The control function is prior to the representative one in the daily work of the SELA and PEA. And it is better to regard them as new elements of the administrative system in the context of China's economic reform. The state seems to adopt two different strategies when coping with

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Number	Date	District	Position	Gender
2	28 June 2004	Zha Bei	Secretary general of the PEA	Female
3	29 June 2004	Zha Bei	Head of Membership Department of the PIC	Male
4	29 June 2004	Zha Bei	Individual laborer running bicycle accessories	Male
5	29 June 2004	Zha Bei	Individual laborer running hardware	Male
6	29 June 2004	Zha Bei	Individual laborer running household electronic appliances	Male
7	29 June 2004	Zha Bei	Individual laborer running leather goods	Female
8	29 June 2004	Zha Bei	Individual laborer running	Male
9	30 June 2004	Shanghai	Head of Membership Department	Male

Appendix I: Profile of the Interview

Number	Date	District	Position	Gender
1	28 June 2004	Zha Bei	Vice head of General Office of the BICA	Male
2	28 June 2004	Zha Bei	Secretary general of the PEA	Female
3	29 June 2004	Zha Bei	Head of Membership Department of the FIC	Male
4	29 June 2004	Zha Bei	Individual laborer running bicycle accessories	Male
5	29 June 2004	Zha Bei	Individual laborer running hardware	Male
6	29 June 2004	Zha Bei	Individual laborer running household electronic implements	Male
7	29 June 2004	Zha Bei	Individual laborer running labor implements	Female
8	29 June 2004	Zha Bei	Individual laborer running air-conditioning	Male
9	30 June 2004	Shanghai	Head of Marketing Department	Male

			of the BICA	
10	1 July 2004	Chang Ning	Secretary general of the SELA	Female
11	1 July 2004	Chang Ning	Vice president of the PEA	Male
12	5 July 2004	Shanghai	Secretary general of the SELA	Male
13	6 July 2004	Pu Tuo	Vice president of the SELA	Male
14	6 July 2004	Chang	Head of General Office of	Male
23	14 July 2004	Ning	Shanghai Lian Feng	Male
24	21 July 2004	Hong	Technology Investment Company Ltd.	Female
15	7 July 2004	Shanghai	Vice head of Study & Research Office of the FIC	Male
16	8 July 2004	Yang Pu	Vice director general of the BICA	Male
17	8 July 2004	Yang Pu	President of the PEA	Male
18	8 July 2004	Yang Pu	Vice head of Membership Department of the FIC	Female
19	9 July 2004	Zha Bei	President of Shanghai Sanei	Male

			Elevator Company Ltd.	
20	12 July 2004	Hong Kou	Secretary general of the PEA	Female
21	12 July 2004	Hong Kou	President of Shanghai CZJ Environment Artistry Decoration Company Ltd.	Male
22	13 July 2004	Chang Ning	Vice secretary general of the FIC	Male
23	14 July 2004	Shanghai	Vice chairman of the FIC	Male
24	21 July 2004	Hong Kou	Head of General Office of the FIC	Female

Appendix II: Interview Questions for the FIC, the SELA and PEA

1. Why was the association established by the state?
2. What were the functions of the association at its early establishment? Are there any functional changes in recent years?
3. What is the membership of the association? How many members are there in the association?
4. How about the funding and spending of the association?
5. What is the leader selection process in the association? How many working staff are there in the association and where do they come from?
6. What is the relationship between the association and its upper level chapter?
7. Can the association represent the members' interests? If yes, from which aspect?
If no, why?
8. What is the relationship among the FIC, the SELA and PEA? Is there any cooperation among the three associations?
9. What is the relationship between the association and its supervision unit?

Appendix III: Interview Questions for Members

1. Can the association (the FIC, the SELA or the PEA) represent your interest? And why?
2. Why? (The SELA and PEA represent members' interests? And why?)
2. When you were in difficulty, would you ask help from the association? And why?
3. Why did you join the association? (If the membership is no longer compulsory, will you still join the SELA or the PEA? And why?)
4. What is the relationship between you and the association?
5. What kind of services and information do you want to get from the association?

Appendix IV: Interview Questions for the BICA

1. What is the relationship between the BICA and the SELA and PEA?
2. Can the SELA and PEA represent members' interests? And why?
3. What is the relationship among the FIC, the SELA and PEA? Are there any interactions among the three associations?

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