

Introductory Essay

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China's Nonprofit Policymaking in the New Millennium

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The global “associational revolution” (Salamon 1994) in the 1990s led to significant growth and change in the nonprofit sector worldwide (Almog-Bar and Young 2016). Even in authoritarian regimes, nonprofit organizations (NPOs) have become an important concern of the dominant political parties. This is the case of China, where substantial organizational developments and policy initiatives have occurred. In this introductory article, we frame these developments by discussing the policy styles, purposes and drivers of nonprofit policymaking in China in recent years.

Since the new millennium, the Chinese government has gradually shifted its focus from economic development narrowly defined to a more balanced, sustainable development policy. The popularization of “social governance” (see Zhang 2008) and modest resurrection of the failed “small government, big society” idea (see Corbett and Walker 2012) imply that the party-state began to rethink and redefine its relationship with NPOs and the role of NPOs in society. The Chinese Communist Party’s (CCP) policy reorientation has led to the recent intensification of nonprofit-related policymaking. In 2016, the National People’s Congress passed the long-awaited *Charity Law*, and two months afterwards its Standing Committee passed the *Law of Administration of Activities of Overseas Nongovernmental Organizations in the Mainland of China* (hereafter the *ONGO Law*). Also in the same year, the State Council began to solicit comments on the amendments to regulations on the registration and management of all types of social organizations (i. e. registered NPOs), namely social associations, social service organizations, and foundations. Meanwhile, the CCP Central Committee, State Council and various Ministries, separately or jointly, issued numerous notices, opinions and measures to revise, reiterate, and clarify previous and new legal and administrative documents.

Such intensive nonprofit policymaking, starting in the aftermath of the 18th National Party Congress convened in 2012, is reminiscent of two “major peaks of regulation”, 1988–1989 and 1998–2004 (Shieh 2016). The 1988–1989 period was primarily a response to the unfavorable domestic and international political events at that time, such as the Tiananmen Incident in China and the democratization movement in the former Soviet Union states. The period of 1998–2004 featured an investigation of apparent misconduct and dysfunction among NPOs. For example, many NPOs, especially foundations, shared the same bank account with their supervisory agencies and invested in for-profit business. Both peaks in policymaking caused temporary declines in the nonprofit sector in China. In contrast, the ongoing third peak of regulation has accelerated the increase of NPOs.

There are three drivers or goals behind China’s recent nonprofit policymaking momentum and power re-configuration: the channeling private wealth to public welfare, the modernizing of social governance, and the promotion of diplomacy. China’s rapid economic development produced a large number of high net worth individuals, but left a substantial proportion of the population disadvantaged. Measures such as eased nonprofit registration, certification of charitable organizations, qualifications for public fundraising and legitimization of charitable trusts, were meant to encourage and facilitate the channeling of private wealth towards broadly defined “charitable activities” in the *Charity Law*, ranging from poverty alleviation to science and culture to environmental protection.

The modernization of “social governance” (*shehui zhili*), which had long been in academic discussion before being officially formalized at the 19th National Party Congress in 2017, embodies some tenets of the “New Public Management” and “New Governance” (see Phillips and Smith 2010), and grants certain NPOs autonomy in self-governance. While we can foresee a more active and productive nonprofit sector for public service provision and other charitable undertakings in the future, it is likely to be an overstatement that the Chinese party-state fundamentally intended to form a partner-like relationship with NPOs comparable to that in Western democracies. This is because the CCP has been simultaneously expanding its “ruling foundation” (*zhizheng*

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jichu) by bringing NPOs into its membership base. As Song, Wang, and Kristen (2015) indicate, autonomy does not necessarily promise independence for China's nonprofit sector.

In the 1980s, the Chinese government established nominal NPOs—government-organized nongovernmental organizations (GONGOs) to raise overseas donations (Wang 2018). In contrast, contemporary Chinese NPOs have gradually increased their presence in overseas charitable projects. This is especially true in natural-resource-rich countries in which China has invested substantial development assistance (Hsu, Hildebrandt, and Hasmath 2016). Brenner (2012) argues that those NPOs were sent out or formed by the state to complement the “going out” strategy for Chinese firms. In addition, Chinese NPOs have joined or coordinated with international organizations, or interacted and collaborated with foreign local NPOs for friendship, research and charitable activities. However, the majority of those NPOs remain GONGOs. The internationalization of Chinese NPOs is believed to be an important component of the state's globalization strategy. More specifically, it is to promote China's image and its participation in global governance through nongovernmental diplomacy (Deng and Wang 2015).

To theoretically explain the growth in the number and diversity of NPOs and to understand the present landscape of China's nonprofit sector, two different theoretical perspectives are helpful. The first is the path dependence theory (North 1990) with which one can trace Chinese NPOs' social origins (Salamon and Anheier 1998) back to the Leninist social policy prior to the Reform Era (1978 to present). The second is the theory of change (Brest 2010) with which one can evaluate the effects of policy intervention and innovation. The two theories agree on “change”. They differ in that the former emphasizes the policy legacy from the past, while the latter recognizes the newness of policy rationalization and implementation.

These theories have been applied in China scholarship. For example, Heilmann and Perry (2011) elaborated on “adaptive governance” to explain the CCP's flexible policymaking process. They argued the CCP has adopted “a variety of reactive, digestive, preemptive and proactive operations and procedures that facilitate continual adjustment to and absorption of endogenous and exogenous challenges” (p. 8) without compromising its formal institutional arrangements. Weller (2012) proposed an alternative “blind-eye governance” to capture the informal institutional treatment of bottom-up policy initiatives. In his view, the Chinese party-state intentionally overlooked behavior of certain NPOs working in the “social gray area that is not legally sanctioned” (p. 83) in order to receive more effective feedback from the population, and calculated responses ranging from tolerance to repression. And Jing (2017) summarized the CCP's policy style as “creative incrementalism” that highlights China's capacity to control and balance a sequence of reforms in different sectors. According to him, the mentality behind this policy style is “to change by maintaining status quo, not vice versa” (p. 67). The literature indicates China's resilient authoritarianism that experiments and implements gradual and partial change but meanwhile deters punctuated change.

Following this theoretical framework, the six articles in this special issue review, analyze and theorize about recent nonprofit policy making and implementation, and government-nonprofit relationships in China. The first article by Jinjun Wang and Qun Wang offers a discourse analysis of the evolution of nonprofit policy in past National Party Congresses. They observe that the CCP repositioned the role of NPOs from economic development coordination to livelihood improvement and changed its control from direct administrative involvement to party-building within all NPOs. The authors conclude that the CCP has adopted two policy approaches at the same time—increased social autonomy and support for capacity building concurrent with political integration—to deal with the government-nonprofit relationship. They argue that the two policy approaches that emerged in the aftermath of the 18th National Party Congress were intertwined and intended to promote a central norm for the heretofore fragmented nonprofit policy regime.

The second article by Holly Snape and Weinan Wang reviews the development and trends associated with government service purchasing (GSP) in China. Their reading and comparison of the major normative documents reveals that the state's GSP policy has gone through sequential stages of acknowledging and signifying GSP, standardizing the practice of GSP, qualifying social organizations as prospective providers, and giving social organizations priority in GSP in order to promote their “healthy and orderly development”. The authors also warn of the peril of taking GSP for granted as an effective and efficient public provision solution, given the landscape of insufficient market mechanisms and large regional variations in China.

The third article by Shawn Shieh offers an in-depth analysis of the formulation and implementation of China's *ONGO Law*. The drafting of this legislation divides China's *ONGO* policy into two periods. In the period of regulatory ambiguity (1989–2014), the Chinese government largely tolerated *ONGOs* without creating a clear set of laws or regulations governing their activities, for the purpose of allowing flexibility in dealing with both the benefits and perceived sensitivity of *ONGOs*. The second period started with the promulgation of the “comprehensive and restrictive” *ONGO Law* in 2016, featuring both the rise of procedural legitimacy over substantive legitimacy of *ONGOs*, and drafting and enforcement of the law by the Ministry of Public Security in lieu of the Ministry of Civil Affairs. Finally, Shieh summarizes the implementation of the law to date and ambiguities in the law that await clarification.

The fourth article by Xiaoyun Li and Qiang Dong tells the story of Chinese NPOs “going out”. The authors briefly describe the stages, scale and characteristics of Chinese NPOs’ overseas activities, and attribute their increasing international involvement to political, economic and organizational factors. More profoundly, they argue that today’s internationalization of Chinese NPOs is an intrinsic process of seeking ideological recognition resulting largely from capital expansion. The authors also discuss, and offer recommendations to address, the challenges for Chinese NPOs “going out”, such as laws and regulations, public awareness and fundraising, and the difficulties of managing international organizations and human resources. Ironically, the authors note that while the Chinese government is encouraging domestic GONGOs to “go out”, it has restricted their funding from international and overseas NGOs as well as from ONGOs operating within mainland China.

In the fifth article Jessica Teets and Oscar Almen update us about policy advocacy by Chinese NPOs. Political opportunity structures have changed greatly under the Xi Administration (2012–). His anti-corruption campaign recentralized local policy power, and also removed or transferred party-state officials at all levels. As a result, reliance on personal connection with government officials became less effective as a singular strategy. The authors argue that by using a more diverse array of strategies such as pursuing legal options, developing an “expert” consultative role, or using the media to appeal policy intervention, NPOs can still influence policy change. However, in the more constrained political environment, NPOs also need to attend to issue framing, and to be cognizant of regional distinctions and other policy nuances. The authors note that the 19th National Party Congress officially approved the CCP’s plan to grant social organizations “consultative status” (*xieshang diwei*). It will be interesting to see how NPOs respond to this political opportunity to advocate for policy change.

The final article by Xiaoguang Kang is meant to theoretically solve the puzzle: Why have the *Charity Law* and its accompanying policies, which are deemed by many to support the nonprofit sector, actually put even more pressure on most NPOs? In the author’s opinion, the emergence of certain social forces are an inconvenient but inevitable byproduct of marketization. Understanding NPOs as a two-sided sword, the party-state adopted the “administrative absorption of society” (AAS) policy which has recently become institutionalized into an all-encompassing “neo-totalitarianism”. In this, a degree of social autonomy and the ruling party’s political control coexist. Kang sees recent nonprofit policymaking as the CCP’s co-optative strategy to expand the breadth and depth of the AAS.

The six articles in this special issue hardly exhaust every aspect of the unprecedented scope of nonprofit policymaking in China. They, nevertheless, collectively offer two broad implications. First, we are witnessing a process of institutionalization of nonprofit policy and practice; that is, an effort to construct an overarching legal framework with more clarified norms and bottom lines. Second, this institutionalization signals that the Chinese party-state is transforming from a despotic power to an infrastructural power for governing society (Mann 1984); that is, transforming its power from *over society* to *through society*. This transformation is not yet complete, and completion remains in doubt, because at the macro level, the CCP has decided to be the sole ideological representative of the nonprofit sector. We hope that readers of *Nonprofit Policy Forum* find these articles helpful and continue to be interested in learning and studying about Chinese NPOs.

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