TO SERVE THE PEOPLE: NGOs AND THE DEVELOPMENT OF CIVIL SOCIETY IN CHINA

ROUNDTABLE
BEFORE THE
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CONTENTS

STATEMENTS

Hamrin, Carol Lee, Chinese affairs consultant and research professor, George Mason University, Clifton, VA ................................................................. 2
Ma, Qiusha, assistant professor of East Asian Studies, Oberlin College; research associate, the Mandel Center for Nonprofit Organizations, Case Western Reserve University, Oberlin, OH ......................................................... 5
Simon, Karla W., professor of law, and co-director, the Center for International Social Development, Catholic University of America, Washington, DC .................................................................................................................. 7
Yuan, Nancy, vice president, the Asia Foundation, Washington, DC .......... 10

APPENDIX

PREPARED STATEMENTS

Ma, Qiusha ........................................................................................................... 28
Simon, Karla W .................................................................................................... 36
Yuan, Nancy ......................................................................................................... 38
The roundtable was convened, pursuant to notice, at 3 p.m., in room 2255, Rayburn House Office Building, John Foarde [staff director] presiding.

Also present: David Dorman, deputy staff director; Mike Castellano, office of Representative Sander Levin; Tiffany McCullen, representing Grant Aldonas, Department of Commerce; Andrea Yaffe, office of Senator Carl Levin; Lary Brown, specialist on labor issues; Steve Marshall, senior advisor; Susan Weld, general counsel; and Andrea Worden, senior counsel.

Mr. Foarde. Good afternoon, everyone. Why don't we get started.

Let me welcome you on behalf of the Congressional-Executive Commission on China, particularly, Chairman Jim Leach and Co-Chairman Senator Chuck Hagel.

We are meeting today in a very difficult time for our country and for the world. And I know that all of the members of our Commission support our fighting men and women abroad and are praying for them and their families in this difficult time.

Also, I would like to introduce our new deputy staff director for the CECC staff. He is my old friend and fellow language student, Dave Dorman, who has been hired by Senator Hagel to be the staff director for the Senate and gets the title of deputy staff director for this Congress. David's first day is today and his first of many issues roundtables is today. David, welcome.

Mr. Dorman. Thanks very much.

Mr. Foarde. I would also like to remind you that there are two additional issues roundtables in the next 2 weeks. Normally, we try to have these every other week, but with the Easter recess coming up in very short order, we decided to pack the front part of April a little heavier. On Tuesday, April 1—note that is a Tuesday, rather than a Monday—we are having a roundtable on “Lawyers Without Law in China,” beginning at 2:30 p.m., in this room. Also on Monday, April 7, we will have a roundtable on “Tibet and the Future of the Tibetan Language”—also at 2:30 p.m. in this room.

Our topic for today is “NGOs [non-governmental organizations] in China and the Development of Civil Society.” A question that many of us, and as I see the faces of many friends in the room, many friends here in Washington care a great deal about. We are fortunate to have with us an extraordinarily distinguished panel of
experts. I will introduce them in more detail before they speak, but let me just say that Carol Lee Hamrin, Ma Qiusha, Karla Simon, and Nancy Yuan are here with us today.

So, let us begin. I am really pleased to introduce an old friend and former State Department colleague, Carol Hamrin. Carol is a Chinese affairs consultant and also research professor at George Mason University where she works with the Institute for Conflict Analysis and Resolution, and the Center for Asia Pacific Economic Cooperation.

Carol’s current research interests include the development of the non-profit and non-governmental sector in China, cultural change, human rights and religious policy, and indigenous resources for conflict management.

Carol, please.

STATEMENT OF CAROL LEE HAMRIN, CHINESE AFFAIRS CONSULTANT AND RESEARCH PROFESSOR, GEORGE MASON UNIVERSITY, FAIRFAX, VA

Ms. HAMRIN. Well, I have the honor of starting today. The topic I have been asked to speak on is faith-based organizations in China and the possible role they may play in civil society.

I want to emphasize the growing importance of these organizations, both domestic and foreign faith-based non-profit organizations [NPOs], which have been relatively invisible groups, and I think deserve more careful attention. I want to make first some careful distinctions between two kinds of organizations.

One is religious organizations that promote traditional activities of worship and prayer, religious sacraments, teaching the laity, training clergy, proselytizing, and publication of sacred texts and other religious materials. This is what we normally think of as a faith-based organization. This is a tightly controlled sector in China, as we all know.

Distinct from that is what I am going to focus on in my comments today, and that is faith-based non-profit organizations. These are non-profits that have faith-based motivations, and hiring policies, and funding sources, but do not do religious work, narrowly defined as in the other group. They offer social services in other sectors—not the religious sector—like education, health, and charitable work under the supervision of education, health, or civil affairs authorities, not religious affairs authorities.

I would say before I continue, though, that both types are important for us to consider as part of China’s growing civil society. They are voluntary organizations. They operate at the grassroots or popular level. Many are national or at least inter-provincial in scope. They have a growing autonomy and operation. We can come back and discuss that later. Both types actually do provide sources of social capital, ideas, values, and networks that help people work together on a voluntary basis. This is voluntary association for mutual assistance and other purposes.

As I began to do some reading in the body of research on civil society development and democratic political reform in Asia, Africa, and Latin America, people are finding that there is a complex interaction between educated elites and grassroots organizations, including religious organizations. In fact, some would claim that
faith-based organizations are the catalyst behind forming modern voluntary associations that transcend the traditional ties of kinship in local community to form a more modern civil society. So, I think it is worth our attention to look at both and the role they may play.

In this brief few minutes that I’ve got, I want to focus on giving you a few examples of domestic and international faith-based NPOs working in China, and then talk about some policy implications.

I would start with the Amity Foundation, which was one of the very first government organized NGOs [GONGOs] to be formed in China. It has operated since the early 1980s. Some people think it is independent, but actually, it is registered under the United Front Work Department, just like churches and other religious organizations. It has been a channel for outside funding and services from mainline Protestant religious organizations, many of them in Europe and Hong Kong, and some in North America.

They began with teaching English just in eastern China. They are based in Nanjing, but expanded to social welfare and health work, and now to rural development in southwest China. They really developed a lot of experience and expertise, as well as a budget of $7.5 million last year. They have a good reputation in China among the other NPOs, and have really been one of the pioneers in China.

Another more recently organized counterpart is the Beifang Jinde Social Service Center in Hebei Province, which is the first domestic Catholic NGO. And I think it has come much later just because of the political problems in the relationship with the Vatican.

What is very important for us to notice, but hard for us to notice, is the smaller-scale, often unregistered local social service agencies that have just sprung up spontaneously all over China, by individuals, congregations, and religious associations of various kinds. Just to mention a few, there is a youth club that operates, virtually, on the Internet and by e-mail, in Ningbo, affiliated with the Catholic diocese there.

Another is in Wenzhou, Zhejiang called the Salt and Light Christian Fellowship. It’s business people that are providing flood relief and community service.

From my research, I can see that most domestic Buddhist, Taoist, and Islamic humanitarian work has kind of grown in tandem with domestic and foreign pilgrimages to special holy sites. This kind of religious tourism provides funds for development in these areas, sometimes just small scale welfare projects, but even universities and hospitals are developing out of this.

The government response to such grassroots development is, basically, to kind of play catch-up ball, granting legitimacy to them ex post facto in order to get access to the resources and try to find some means of supervision over these developments. So, I’ve just learned that the official Protestant organization has set up a new social service department to encourage and provide guidance to such local initiatives. They mention specifically the need to generate domestic funds—instead of just foreign funds—specifically, from rich churches in coastal areas. So, the commercial factor is there at work.

International faith-based NGOs are doing important work in China. Most denominational groups work directly with their coun-
terparts. For example, the Mennonites and Amity are implementing a Canadian Government aid project in rural areas in China. The Islamic Development Bank works through provincial Islamic Associations to fund schools, primarily.

The non-denominational, but still faith-based organizations tend to partner directly with government officials, usually at the local level, in non-religious sectors as I mentioned. I can give more examples of that in the question and answer period if you want.

I would just mention that this kind of work really expanded after the late 1990s, starting with the floods of 1998, the historic floods in central China. Many of these large organizations, like World Vision International, which is one of the largest international relief agencies, began to work in China at that time, and have since really expanded their operations. United Board for Christian Higher Education in Asia is another such organization working in rural areas, helping rural women.

On top of this effort, flood relief, or disaster relief, earthquakes and such, the government’s new policy to develop western China to try to address the regional disparities has focused on attracting international resources, whether governmental or business or non-governmental. This has led these international organizations, including faith-based ones, to develop micro-loan projects and holistic community development projects all over northwest and southwest China, including significant work in Muslim, Tibetan, and other ethnic minority villages. These include Buddhist and Islamic organizations, as well as Christian organizations.

I will leave for discussion a point that I want to make, that there has been significant impact from these outside organizations working in China with new ideas and new ways of operating. The modeling effect, in particular, has really started to change the way local officials are working with society and their own NGOs. This trend is going to accelerate in this decade.

Policy implications include, first, pay attention to what is going on at the grassroots in China and to social and cultural bilateral relations, not just to political and economic relations. I commend the Commission for doing just that.

Second, do no harm. Recognize that the role of the Federal Government is limited in this arena. Change does not come overnight. It will be driven from the inside, and the outside actors will be primarily non-governmental or even business through corporate social responsibility (CSR) and so forth.

Third, I would just recommend the Commission pay attention to and even check on whether there is a “level playing field” in the use of taxpayer money for the support of civil society, rule of law, and democratization in China. I think there may be inadvertent exclusion or discrimination in programming to the detriment of faith-based U.S. NGOs that might support Chinese faith-based NGOs.

In all the conferences on NGOs so far in China funded from outside, there is no mention of faith-based NGOs and their work. They are off the radar screen for Chinese and American organizers and sponsors, despite the central role of these faith-based organizations in our own civil society. Even the modeling of inclusion in such things as conferences, as well as projects, would in and of itself
promote Chinese officials to take a different, more positive attitude toward the role of religious organizations in Chinese society.

Mr. FOARDE. Carol, thank you very much.

Let’s continue with Professor Ma Qiusha, who is assistant professor of East Asian Studies at Oberlin College and research associate at the Mandel Center for Non-Profit Organizations at Case Western Reserve University. An expert on Chinese NGOs and civil society, Professor Ma’s publications include, among others, “Defining Chinese Non-Governmental Organizations, Autonomy and Citizen Participation.”

Welcome, Professor Ma. Thank you very much for sharing your expertise with us this afternoon.

STATEMENT OF MA QIUSHA, ASSISTANT PROFESSOR OF EAST ASIAN STUDIES, OBERLIN COLLEGE; RESEARCH ASSOCIATE, THE MANDEL CENTER FOR NONPROFIT ORGANIZATIONS, CASE WESTERN RESERVE UNIVERSITY, OBERLIN, OH

Ms. Ma. My focus today is on the definition, classification, and the terminology of Chinese NGOs. Before I go into detail, I would like to make a very general summary based on my years of research on Chinese NGOs because time is so short.

As you can see, the first two pages of my statement are a very general argument. Basically, I would like to argue if it is possible under China’s one-party state for non-governmental organizations to sustain and play an important role in China. My answer is yes.

On the government side, I would like to argue that during the past two decades the Chinese Government has played an important and crucial role in promoting NGOs in China, although it is only in certain areas. On the other hand, the condition of the Chinese Government’s policy to promote NGOs is that the Chinese Government believes the state has the ultimate control over NGOs.

On the NGOs side, I would like to say that these organizations are non-governmental organizations, although they are still quite close to the state. They are the most important instruments for the people to participate in public affairs, to develop their personal interests and to get their voices heard. On the other hand, the development is unbalanced and in the very preliminary stages.

So having said that, I would like to first go directly to the classification of Chinese NGOs to answer the question, What are Chinese NGOs? I would like you to see chart 1 and chart 2.

Let’s start with chart 2. Chart 2 is, in fact, a chart about American NGOs. I would like you to see how the U.S. non-profit sector is classified in chart 2, compared with the Chinese classification in chart 1. The difference we can see here is, in the U.S. classification, there are two types of NGOs. One is membership organizations. Basically, they serve members’ interests. The second and bigger category is Public Service.

For China, on the one hand, there are social organizations. On the other hand there is a newly created legal status called non-governmental, non-commercial enterprises, “minban feiqiye danwei.”

First, what is the difference between the U.S. classification and the Chinese classification? In the U.S. classification, foundations and funding intermediaries are classified as public service. So are
the churches. On the Chinese side, those foundations are classified with membership associations as social organizations.

Also, religious groups are not under either side. That means, according to the official classification, that religious groups are not NGOs. They are not managed and registered with the Ministry of Civil Affairs, but rather under another official agency.

Before the Communist Party came to power, China had many, many private associations and institutions, such as private schools and hospitals. After 1949, first, the majority of civil associations were suppressed; and second, all the private service providers were nationalized, following the Soviet Union’s model.

Therefore, during that period in China there were no true private or non-governmental organizations of any type. However, social organizations continue to exist and some old social organizations, such as the Red Cross and other professional associations, remain. Although eventually they were nationalized, on paper they were still called social organizations.

Since 1950, the Chinese Government has issued three official documents regulating NGOs, in 1950, 1988–1989, and most recently in 1998. So, during these three rounds of documents, the first two documents only have social organizations. Thus, any type of organization that is either on paper or actually exists is non-governmental, is classified as a social organization.

However after the reforms, the government did realize the importance of using non-governmental organizations. Social service providers, or professional service providers are under three major promotions. The first time was in the early 1980s. The Chinese Government called for “shehui liliang banxue,” generating social resources for education. The second time was in early 1990, the government had a slogan called “da shehui, xiao zhengfu” small government, big society. In the late 1990s, the government called for “shehui fuli shehui ban” social welfare provided by the society.

Under these slogans, non-governmental social and professional service providers surged rapidly, and since the government had no legal term to register them, it was a big mess. A lot of these organizations registered as for-profit. Therefore, in 1998, the government created a new term called “non-governmental, non-commercial enterprises” for these non-governmental service providers.

I would like to compare the Chinese definition of NGOs with the Western definition. In the handout you see the very popular Western definitions of NGOs contain five features. On the other hand, the Chinese definitions really address: (1) not funded by the government; (2) these organizations should not run for profit; and (3) they are voluntary. So, there is no emphasis on non-governmental and no emphasis on self-governance.

There are three differences between the Western definition of civil society and the Chinese definition of civil society. First, civil associations, especially political civil associations, are the core of civil society in the Western sense. However, the Chinese definition of civil society does not include this.

Second, civil society theoretically or ideologically, in fact, citizenship, civil rights, representation, and the rule of law. However, Chinese civil society does not emphasize these aspects.
Third, in the West, civil society represents democracy and sometimes confrontation between state and society. However, the Chinese definition of civil society emphasizes constructive and mutually dependent relations between the society and the state.

Finally, the NGO terminology. There are currently six Chinese terms that are the equivalent of the English word, NGO. Most confusing are “people’s organizations” and “mass organizations.” These organizations are high profile, well established, and highly government controlled. However, many Westerners use them to represent Chinese NGOs. Therefore, they neglect more grassroot or community-based NGOs.

I would like to discuss this more in the question and answer session. [The prepared statement of Ms. Ma appears in the appendix.]

Mr. FOARDE. Perfect. Let’s do that.

Our next speaker is Karla Simon, professor of law and co-director of the Center for International Social Development at the Catholic University of America. Professor Simon is also the co-founder of the International Center for Not For Profit Law, and editor and chief of the “International Journal for Civil Society Law,” and has published widely on these topics. She has also done extensive work on the legal framework for civil society organizations in China.

Karla, welcome. Thanks for coming this afternoon.

STATEMENT OF KARLA W. SIMON, PROFESSOR OF LAW AND CO-DIRECTOR, THE CENTER FOR INTERNATIONAL SOCIAL DEVELOPMENT, CATHOLIC UNIVERSITY OF AMERICA, WASHINGTON, DC

Ms. SIMON. Thank you, John. Thanks to the Commission for inviting me. I would like to say, I am a law professor. So, some of this terminology may be a little bit difficult. So, what I am going to do is start by referring to my written statement. And let me just add for those who don’t have copies of it, if you give me your card, I can e-mail it to you.

I talk about—the topic is “Creating an Enabling Legal Environment for Chinese NPOs, non-profit organizations.” And when I talk about an enabling legal environment, I want people to think about these four different things that really need to exist in order for such an enabling legal environment to exist. And then we can talk about how the Chinese legal environment for NPOs measures against this.

The first is that there should be supportive legal framework legislation, which is the legislation relating to the establishment, governance and oversight of NPOs. Second, there should be supportive legislation regulating NPO-state relations, allowing partnerships between state entities and NPOs to be established. And this is the crucial point, both with respect to service provision and with respect to policy development. There should be supportive tax legislation permitting various forms of tax relief for NPOs and their donors, thus creating an environment in which NPOs and the business sector can work together for the good of society. Finally, there needs to be other necessary legislation that would assist the NPO sector in its operations. For example, there should be good fundraising legislation.
In the work that I have done in China—and I have also worked in many other transition countries and developing countries—it is very clear that the non-profit sector, the NPO sector, is one that really does create problems for the state. It creates problems for the state because, as both Carol and Qiusha have said, it is very easy to attract resources from outside the country into the not-for-profit sector for purposes of service delivery, for purposes of carrying on other activities.

Second, by virtue of the fact that the non-profit sector does provide services frequently to parts of the society that are poor and under-represented, that means that the civil society or non-profit organizations really have access to the people, and thus to political power. So, the combination of the two things, the economic resources coming from outside and frequently from inside—and certainly as I'll suggest, China has been very thoughtful in thinking this through—the economic resources with the access to the people, and therefore, to political power makes a state that is insecure about its own position, and particularly a state transitioning from socialism very fretful—shall we say—about anything that may encourage the non-profit sector.

But, I think China is not alone. When one looks at some of the other transition countries, Russia, in Central and Eastern Europe, if you look at other countries in Asia, if you look at countries in Latin America, in Africa, you see the same phenomenon. So, China is not alone in treating the non-profit sector with both suspicion and fear.

On the other hand, one of the things that my research indicates is that China has been really smart about what it has been doing in terms of trying to attract the resources, particularly, of overseas Chinese, into the development of the social agenda that the state has. Carol mentioned the fact that there has been this development in the West. That's actually been happening for some period of time. One of the first big major NGOs that—I mean NGOs in the sense that they are very closely related to government—has been working in China is the Foundation for Underdeveloped Regions.

So, beginning in the 1980s, when there was a loosening of some of the strictures that were placed on semi-governmental organizations—if we can use that term—through the new regulations that were adopted at that time, in 1988 and 1989, there was a real attempt to create structures alongside the state that would be attractive in particular to overseas Chinese, for purposes of bringing in money from the overseas Chinese so that it could be harnessed for the development projects that the state really wanted to see happen.

So, it is true that the regulatory mechanism began to open up in the late 1980s and then again in the late 1990s. But in large part, I think it was in trying to find ways that would make the resources coming in from overseas Chinese more available. It was also directed to creating an environment in which the people of China would feel that they could make contributions to these organizations. A very good example of that is Project Hope of the China Youth Development Foundation, which obviously, does incredible fundraising throughout the country and brings resources from local Chinese into projects that deal with poor children.
In my work in China, I have been able to see a variety of different stages. One of the things that becomes very clear to me is that the brilliance of the Chinese Government in thinking these things through and in actually responding to needs that occur is now finally being aided and abetted by an openness to outside technical assistance.

Before 1998, none of the technical assistance, none of the discussions, none of this was open. In the first years, when I started working in China, everything was done quietly and all meetings were held at the Ministry of Civil Affairs, and when Chinese delegations came to the United States, they were very small meetings and there was never any openness. But, beginning in 1999—and this is after the 1998 regulations were published—with a conference that was funded by the Asia Foundation, there was openness.

My view of this is that the Chinese Government finally thought that it was in a position to actually take account of things in an open fashion. The Chinese Government sent the acting head of the NGO bureau to speak in the United States at a conference, openly. The paper was published. There have been, subsequent to that, several conferences held. One of the points that I make in my paper is that these issues of creating a legal enabling environment are going to be the subject of four conferences within the year beginning in November 2003. Four big conferences, two of which are paid for 100 percent by the Chinese Government.

So, in my view what is happening is that there is a progressive move toward trying to create a more open and supportive legal enabling environment. However, China isn’t there yet. In my view, one of the reasons why there is so much openness to the outside—I am involved right now in a translation project to make all sorts of legislation from all around the world available in Chinese. There are many things that they haven’t been able to think through.

I suggest some of these objectives in the end of my written statement. First, the state should move away from overt control of NPOs and their activities and toward membership and fiduciary government structures, with continuing government oversight.

Second, more mechanisms should be provided within the law for transparency: Good internal reporting, record keeping and accounting rules, buttressed by the development of the governance norms previously mentioned.

Third, there should be clear accountability, but not control mechanisms. This is the hardest thing for the government. There should be accountability mechanisms to the state for funds received and for programs implemented. And there should be accountability to the public. There needs to be more openness about what NPOs are doing, and the way in which they actually carry out their programs. There should be more thought given to a clearer tax exemption regime, as well as creating tax incentives for the working population through workplace giving, and to rationalizing the existing incentives for entrepreneurs and business, which are really quite good, but they are not terribly rational.

Finally, there should be better regulation of fundraising and asset management by NPOs. That should be strengthened because at the present time there is an effort to move some of the state
assets into the non-state sector, and there needs to be some clarity about how that is going to happen.

When I spoke in 1999 at the Asia Foundation conference, I said at that time that the government was still viewing NPOs as children to be taken by the hand. However, the NPOs regard themselves, essentially, as teenagers. At the present time—since 1999, the government, I think, is beginning to understand that perhaps they are growing up, but there is a long way that they need to go to have that happen.

[The prepared statement of Ms. Simon appears in the appendix.]

Mr. FOARDE. Thank you very much.

Our next panelist is Nancy Yuan. Nancy is vice president and director of the Washington office of the Asia Foundation. She works directly with the Foundation’s China programs in law reform, U.S. relations and exchanges, and speaks regularly on these issues, issues relating to the rule of law and the development of civil society in China. Since 1979, the Asia Foundation has been supporting a wide range of programs in China, focused on law reform, civil society development, and U.S.-China relations.

Nancy, welcome. Thanks for coming.

STATEMENT OF NANCY YUAN, VICE PRESIDENT, THE ASIA FOUNDATION, WASHINGTON, DC

Ms. YUAN. Thank you, and thank the Commission very much for inviting me to speak at this session. I am very pleased to do so.

One of the benefits, I think, of being the last panelist to speak is that I can say much less than I had intended with regard to a number of these issues.

I think in looking over the broader context of how non-governmental organizations have developed over the course of time in China, we need to take a slightly broader perspective in looking over social-economic developments, and why the Chinese Government feels that the non-governmental sector is of benefit in China’s overall economic development.

I think the advent of economic reform and globalization has led to a wide variety of demands on the Chinese Government which they are not able to meet. The Chinese Government, like many other governments around the world these days, has budget deficits. They are downsizing the bureaucracy. Decentralization is taking place on a very large scale. As a result, the kinds of services that people are used to are in decline with reform of state-owned enterprises, and services related to farmers and the countryside, there are many services that the government can no longer deliver and they find it of benefit to allow the activities of non-governmental organizations to continue because they provide services, often in the health and education area, pilot projects for elder care, and a wide variety of other areas that the government is no longer, in some ways, able to deliver. In some respects, the collaboration between government and non-government organization makes the line a little bit blurred, in fact, in terms of who is actually delivering services and who is responsible for that delivery.

As a donor organization in China—as John mentioned—donors who are involved in development in China tend to use standard criteria to look for potential partnerships to Chinese organizations,
that is, independence from the government, representation of their constituents and participatory decisionmaking. Chinese non-governmental organizations aren’t necessarily that far along in terms of their own independence, and as Carol said, many of them are informal organizations, sometimes family associations, sometimes just groups of people in villages that get together and see a need. So, they are not organized under Western criteria with a board, a mandate, and a budgetary process in the way that most organizations in the West are.

That creates a dilemma for donors as we look at organizations that we may want to partner with. What it requires is an on-the-ground knowledge of exactly who these organizations are, whether or not they can be accountable or responsible for the programs that they deliver, and in fact, if they are delivering the services that they say they are going to deliver. There is a healthy skepticism, I think, among donors in addition to wanting to be supportive of the non-governmental sector, in general.

I have been asked to talk about both what international organizations and donors are doing in China, as well as what they might consider doing in the future. The non-governmental sector has developed very quickly over the course of time. The China Development Brief—which many of you may be familiar with—looks at non-governmental activity in China. They concluded that China is receiving well over $100 million each year in project funding directly from, or channeled through 500 international NGOs and foundations. It is an enormous amount of money. If you look at gifts-in-kind, which includes books and equipment and other kinds of donations, that adds substantially to the total.

There are also large numbers of organizations according to the China Development Brief. Seven-hundred different types of grant making foundations, advocacy groups, humanitarian organizations and faith-based organizations that are providing assistance to NGOs in China.

The Asia Foundation has been providing assistance over a long period of time to non-governmental organizations and has now turned its attention to groups like the China NPO Network, which acts as a clearinghouse for Chinese NGOs, providing a monthly NGO forum, which they do with Foundation support, that brings together officials, business, and NGO leaders to talk about legislative issues, collaboration and problems that NGOs face in China.

One of their most recent efforts is to look at self-regulation and what that means in terms of standards and ethics for the non-profit community. The Tsinghua University NPO Center has also received a lot of attention with regard to their research on regulatory issues facing NGOs, as Karla mentioned in the conference the Foundation supported.

In addition to international donor organizations, which I will come to in a minute, multinational corporations have also supported civil society development in the spirit of corporate social responsibility. These include companies like Nike, Adidas, Reebok, Levi Strauss, Microsoft, Ford Motor Co., General Motors, and the U.S.-China Business Council, which support a wide range of activities in health and education, rule of law, poverty alleviation, and sometimes in policy research as well. So, it is true that there is a
fairly substantial commitment from the private sector to civil society development in China.

What more can we do to support the non-governmental sector? International organizations can play a significant role in strengthening human resources capacity, in program development, in providing opportunities for conferences, networking and exchanges, and while donors should not overestimate the ability of NGOs to work in sensitive or political areas, the efforts of NGOs to operate more independently and push the envelope in some fields are worthy of support.

In addition to strategic planning, looking at program implementation, which are sort of the jazzy things for international organizations to support, one thing we should be looking at is the operational aspects of how NGOs really work. How do they account for their funds? How do they do budgets? How do they decide what their mandate is going to be? Those kinds of nuts and bolts activities will enable them to better report to donors, to be sustainable over time in attracting other funding, as well as to comply with international ethical standards. International organizations can help to improve the enabling environment for NGOs, as Karla said, this includes providing support for NGO law and improving the overall regulatory environment, as well as support for research and interaction with like-minded organizations.

There are quite a number of university-based research centers for the non-profit sector. Fudan University has a new one. Tsinghua University, of course. There are two different organizations, centers at Beida, Peking University. And there is one in Guangdong University, and at Zhongshan University, where there is research going on in the not-for-profit sector.

Important for you to know as members of the staff of the Commission, all of these have international donor support. None of it is American. Which brings me to my last point.

In terms of official assistance to Chinese NGOs, the U.S. Government has lagged behind other donors. We’ve seen this in the case of rule of law efforts previously, but this is also the case in terms of official assistance to the non-profit sector. The only two American organizations with a resident presence and a long track record of supporting civil society organizations in China are the Ford Foundation and the Asia Foundation. Faith-based organizations have had a long history, as well as other foundations, but they are not all present in China, in terms of being resident in China, and their activities are sporadic depending upon their focus.

There is a marked absence of American groups working consistently on the ground to develop the capacity of Chinese organizations. On the other hand, other international donors, namely the European Union, Canadian International Development Agency (CIDA), and Australia Aid (AusAid) each provide more than a half a million dollars a year in multi-year grants to support civil society development in China. These donors, among others, have a commitment, not only to the civil society sector, but they also provide funding as well as attention—and by attention, I mean they have dedicated staff in the embassies who follow civil society development.

Official U.S. assistance to the civil society groups, as I said, has been limited. If the U.S. wants to support the positive trend toward
NGO development, funding should be provided to knowledgeable groups to do so.

Thank you.

[The prepared statement of Ms. Yuan appears in the appendix.]

Mr. FOARDE. Thank you very much, Nancy.

Four excellent presentations and lots of food for thought. We will go directly to our question and answer session.

Exercising the prerogative of the chair, I would like to begin with a question to Professor Ma, if you would please. I am very interested in the link between existing Chinese NGOs and government organizations at the national, provincial, and local level. How strong, in your view, are those continuing links? And what types are they? Are they financial? Or in terms of policy guidance? In terms of personnel? How do those links work? I take it that for some NGOs, those links are more tenuous than for others. And I would like your views on all of those questions, if you would, please.

Ms. MA. There are high profile NGOs. In fact, we call them GONGOs. They have close relations with the government. Basically, like in the term, they are people’s organizations, and the mass organizations. At the national level, there are 19 of them, and nationwide 200 of them. These organizations still get full funding from the government. Also the personnel get all the fringe benefits of civil servants—this treatment is equal to that of government employees.

Other organizations founded by the government in the 1980s, like many foundations—the so called non-governmental organizations. Now the government has pushed them to what they call a financially self-sufficient, self-governing, and self-recruiting status. These GONGOs use a Chinese saying “piguzhihaunadai,” meaning that wherever one sits determines what one thinks. The government right now has a policy called “sannianduannai,” meaning wean in 3 years. So these organizations right now have to find a way to survive, to sustain themselves. Therefore, they are beginning to think differently than the government’s perspective.

However, personnel-wise, there is a very complicated policy for the people who work at NGOs. For example, if you came to work in these organizations before a certain number of years, you will continue to receive your pension, your free healthcare, and your government subsidized housing. However, if you are a new employee, everything starts new. You work on a contract. Most NGOs do not provide a pension plan, healthcare, or insurance. So, there is a wide range of autonomy or closeness with the government. I should say for those like the All China Women’s Federation and All China Federation of Trade Unions, these organizations will continue to be fully funded and very closely under the government’s control. However, other organizations such as the trade unions, previously official industrial management agencies, will eventually leave government and serve their constituents more.

Mr. FOARDE. Very interesting. Carol, do you have a thought on that, because I have a minute or so.

Ms. HAMRIN. I just wanted to add something to that. I think that in the section that Professor Ma has called the People’s Organizations, these eight big organizations, that is where the religious or-
ganizations also fit in. The point being that the Party controlled all of society through overtly Party-controlled organizations, like trade unions, and women, and youth. There was secret party control over organizations such as religions, which really shouldn't be run by the Party.

But it's the same kind of setup—very vertical control from the Party, to the government, to these social organizations. That has been changing. The dynamic there has been changing, in that even those tightly controlled organizations are spawning their own NGOs. Like the Communist Youth League setting up the Youth Foundation, which has done this Project Hope effort, and is part of the China NPO Network.

As they are forced to seek other sources of funding, other than government funding, which they are being told they have to do, then they gain autonomy. They have to start pleasing donors, not just the government and so forth. So, the market dynamic is what is driving greater autonomy, even though it is still very differentiated. But the dynamic is the same. Operating even under these really tightly controlled organizations.

Mr. FOARDE. Thank you. A good point. Let me go on to my friend and colleague, Dave Dorman, for a question or two if you have one. Please go ahead.

Mr. DORMAN. Thanks, John. As John pointed out before, this is my first day on the job. I, frankly, can't think of a better way to spend my first day than to participate in a roundtable on a topic as important as this one, in front of a panel like this. Listening to you share your knowledge, your research, and your learning on this topic has been invaluable. And I thank you for that.

This is a question for anyone who would choose to address it. I wanted to start with a quote from Professor Ma, which I found very interesting. I saw nods of agreement, so I think there was a consensus on this. Professor Ma stated that NGOs are the most important vehicle for individuals in China to express their views. That suggests to me that there may, perhaps, be a difference in the ability of individuals to express their views through NGOs, as opposed to individually or through other means. Is that, in fact, the case? Does your research show that?

Ms. MA. You want to know, besides NGOs, are there other mechanisms that people can use to express themselves?

Mr. DORMAN. Is an individual's ability to express themselves through an NGO somehow freer than other means? In other words, as opposed to speaking individually? Are these NGOs set apart somehow remarkably?

Ms. MA. Yes, especially the autonomous NGOs. They can express their opinions, or deliver their opinions to the government. For example, there is an NGO for big companies. These organizations are very interesting. The organization, itself, is independent. However, all of their members are large, state-owned companies.

After the state gave them more independence, these companies developed different interests, other than the state's general economic policy. However, individually, they cannot tell the prime minister, "I disagree with your opinion." As an organization, they can organize and invite experts to come and discuss very important economic policies, and then prepare a report for the State Council
to show we think this way, and your requirement is unreasonable. And the state will, somewhat, adjust to their opinions.

Ms. Simon. I think that’s true everywhere in the world. I think that individual voices may have some power, but certainly voices in association have more power.

One of the interesting things that has happened in the regulations is that previously in China, prior to 1998, the only way to set up an NGO was top-down. The state determined that it was something that needed to be done, and that was really the only way that citizens could participate in activities.

Now, clearly if you had an idea, you could go to your local party boss and say, well, I want to do this. But, it was much more difficult. In the 1998 regulations, for the first time, they recognized that citizen action to come together to form an association is appropriate. Now, they require 50, and having written a couple of books about what is good practice in the area, 50 individuals is far too many, but there is a greater awareness of the notion that citizens should be able to come together for citizen action, albeit not public advocacy, but at least for a variety of different kinds of citizen activities.

Mr. Foarde. Let’s give Nancy a chance to make a point.

Ms. Yuan. I think it also depends on what area of interest you are talking about. For instance, a program that the Foundation has done that relates to migrant women workers, the problems of migrant women workers in Guangdong Province are substantial. And people know that the factory conditions are bad. They know their health services are bad. They know because they are illegal migrants, they don’t have any legal rights in those areas. They don’t have rights to housing. There are a wide variety of problems.

So, I think the non-profit groups that work with them inevitably have to work with government. And the government sees it in its interest to listen to what these women say through these non-governmental organizations. Otherwise what ends up happening is, you end up with instability, which is definitely what the Chinese Government doesn’t want.

So, if it’s in the interest of the government, I think, in terms of the environment, in terms of health policy, in terms of broader issues, I think certainly NGOs have a voice. If your question is leading to whether or not that leads to say, worker associations, or labor associations, or those kinds of things, I think those things are probably not on the table in terms of whether or not you have an individual voice that will make a difference.

Ms. Hamrin. However, I would add that this is something that develops in stages. What’s happening in China right now is that for the first time, people can organize voluntarily around personal interests and express their creative side and their organizational side. Right now it has to be fairly non-political. But that’s new for China. In the past, any private personal interests were considered bourgeois. And you couldn’t join the local bird-watching club, or anything.

So, the explosion of associations of all kinds that are voluntary is just a major liberation for individuals and community groups in China. Studies of development of civil society and democratization elsewhere in the world would suggest that this trains people. It
helps people learn how you work together, how to organize, how to make your voice heard, how to get to the media, and how to raise funds. Then that develops into advocacy.

Sometimes just when the government steps into your business, then you are forced to defend yourself. Other times when you decide it's time to go stop the Three Gorges Dam. So, it's a step in development.

Mr. DORMAN. Thank you very much.

Mr. FOARDE. Very interesting. I would like to go on and recognize a colleague who represents one of our Commission members, Senator Carl Levin. Her name is Andrea Yaffe. Andrea, do you have a question or two? If you do, speak right into the microphone.

Ms. YAFFE. Thank you for coming to speak today. Dr. Hamrin, I think you spoke a little about this, but I am wondering from the others, what kind of role Congress or the executive branch can provide in encouraging the further development of NGOs or the legal framework that you spoke about? Professor Simon.

Ms. SIMON. Well, I think Nancy made some suggestions. One of the problems that exists is that there is not adequate funding for civil society development in China. And as Nancy suggested, the United States is basically not a player at all, at the present time. Now, there are a variety of reasons for this as we know historically. But, I think it is time that the United States recognizes that it is in its best interest to begin funding in this particular area.

Nancy has some suggestions about the kinds of things that should be done, using U.S. intermediary organizations, for example. But, it is sort of embarrassing when one goes to China and does all of this work in China, and everybody else's government is paying for things, and our government is not. So, I would definitely recommend that it happen.

Ms. HAMRIN. Could I just add a thought on the funding issue. When I was still in the State Department in the early 1990s and we were talking about a civil society initiative and rule of law initiative, many in Congress and in the media did not want to fund anything in China, unless it was truly non-governmental, truly independent.

I think at that time we were kind of ignoring the fact that civil society has these other attributes of being voluntary, being grassroots and so forth, that are important for us to take into account when we are deciding those things. Also, I think that at that time we were influenced by civil society analyses, from Europe's experience after the fall of Communism, where we viewed civil society in opposition to the state, and, you know, civil society is going to rise up and overthrow the state. That was our paradigm.

But, that has changed enormously in research, thinking, and writing about civil society. And I think Lester Salomon at Johns Hopkins is one who has made the point that government funding of NGOs is huge in America, and even more so in other countries. So, you've got business, NGO, and government partnerships going all of the time in civil societies in the West. So, why is that a bad thing in China or other countries?

So, I think we are coming closer together, the Chinese learning more about the importance of civil society and autonomy, but the rest of us realizing, well, it isn't totally black and white either.
Ms. MA. May I add something?
Mr. FOARDE. Yes, please. Go ahead.
Ms. MA. Because I am the one who grew up in China and experienced the Cultural Revolution and early stages of democratic movements—I’ve seen it from a Chinese perspective and I’m a historian—so, from a Chinese historical perspective. I think it is crucial for the U.S. Government or policymakers to realize that we have to understand Chinese civil society and Chinese NGOs, as well as their relations with the state and the government, under China’s historical and cultural circumstances.

That is, China has its own deep-rooted concept, which is rather different from the Western concept of civil society. They do not see the government and society as opponents or separate, but, the two as a unit. Also in China, there is a different concept of citizenship. In America, if you ask any person about citizenship, the first thing you will hear is “What my rights as a citizen are.” For a Chinese citizen, the first thing is your responsibility for being a good person, following the government, doing things for society.

So this is a difference. There are many things. China may never reach the stage that the state and society as Western countries. So, that’s why I introduced the Chinese concept of civil society, which is constructive, mutually dependent relations. Thus, if the U.S. Government does not grow out of the mentality of seeing civil society only in terms of human rights, then it will not be a positive player in promoting a Chinese civil society.

I think this is very crucial. First you have to see the whole landscape. The human rights record is only part of the Chinese reality. Another part is the monumental change in the grassroots of communities. I visited communities where they said, “Now that we have the right to vote on, ‘Do we build a fence around our neighbor, or should we plant trees?’ And ‘What do we do during the summer?’ ‘What kind of program we can organize for our children.’” These were all government controlled in the past. So, these kinds of things are really developing the concept in the people’s minds, of what is a civil society, what are human rights. That is why I think that is very important.

Mr. FOARDE. Thank you. Very useful. Also representing one of our Commission members, Under Secretary of Commerce Grant Aldonas, is Tiffany McCullen. Tiff.
Ms. McCULLEN. Thank you, John. I would like to thank the panelists for providing us with so much useful information today. I have a question if Professor Simon might want to start, and the other panelists would like to answer, I would appreciate that.

Noting that the regulations governing Chinese NGOs are supposed to be revised soon, do you think it will change the management of foreign NGOs in the areas of taxes, hiring procedures, legal status, or their ability to open branch offices in other areas?
Ms. SIMON. Well, a couple of things are happening. When they promulgated the new regulations, there were three, in 1998. They did not promulgate regulations in the area of foundations or in the area of foreign organizations. They had drafts of each of these. They took them off the table.
Let me just say about foundations. There has been some activity in that area. They had a conference in that area in December and
there—as I was talking about other forms of fiduciary obligation, I think there is going to be some progress. There is nothing that has come forward anytime recently that I know of that anybody even thinks that there is a draft with respect to foreign organizations.

In large part, that is because the regulations that they had originally promulgated were ones that distinguished foreign organizations from domestic organizations, and the legal experts throughout the government say, “Well you can’t do that now, because of our obligations under WTO. We have to have a ‘level playing field’ between the domestic organizations and the foreign organizations.”

That called a false stop to the attempt to get the regulations out. And where they are on that, I’ve been trying to find out, and I literally have no idea. So, it is very hard to answer your question. It is something that I am quite interested in as well, and I haven’t been able to get any answer from anybody. And, I know a lot of knowledgeable people there, and nobody seems to know.

So, I suspect that what they are trying to do is do something that won’t over-regulate the foreign organizations, will permit foreign organizations to set up branches, but that is some ways down the road.

Ms. McCULLEN. OK. Thank you.

Ms. MA. My most recent e-mail communications with Chinese officials indicate they are trying to give foreign NGOs an equal status with Chinese NGOs. Previously, there was no law for foreign NGOs. The foreign NGOs, in fact, have to follow basically every Chinese regulation used for Chinese NGOs, plus something else.

So, right now it’s sort of like an unofficial channel—they said the new regulation will treat all current foreign NGOs exactly as Chinese NGOs. That’s what I heard recently.

Ms. McCULLEN. Thank you.

Mr. FOARDE. Our practice at these roundtables has been to invite our own CECC staff colleague who is most responsible for the issue being discussed to ask a few questions, and so I am delighted to call on our friend and colleague, Andrea Worden, who was the chief instigator of this particular event, and did all of the heavy lifting. Andrea.

Ms. WORDEN. Thank you, John. Thank you all for coming. It was fascinating to listen to each of your presentations. You all seem to be in agreement that we need to understand civil society differently with respect to China, compared with how we might understand the concept in the United States, or in Western and Eastern Europe. That is, civil society does not include a confrontational relationship with the state. But, I am curious about political limits, if you will, of NGOs functioning in China.

For example, we are all aware of Wan Yanhai, the AIDs activist and leader of an HIV/AIDS NGO, who was detained last summer for about a month and then released. I am curious if you all might address this question of the political limits of activism in NGO civil society. Are you aware of any other NGO activists who have been detained, or imprisoned, or if any NGOs have been de-registered for political reasons? I address this question to all of you.

Ms. HAMRIN. One of the problems with the very vague legal and regulatory environment is that it leaves a lot of discretionary power in the hands of government officials. And, they can sort of
arbitrarily decide what is permitted and what isn’t on a case by case basis. Sometimes it’s purely a matter of what is happening around the world or in China.

For example, the National People’s Congress, or the Party Congress is going to be held, and so someone who published embarrassing information at that time is in trouble, but they might not have had trouble if they have done it the year before, or a couple of months later. It is so arbitrary. And that is one of the things that is really hampering the development of this whole sector, because you are always playing guessing games and playing ping-pong politics. You know, graze-ball politics. You want to hit it on the edge of the table and press the envelope, but stay on the table. So, that is one of the reasons that I think the NGO community is very insecure. They are being told they should provide more social services. The government is just heaving off its responsibilities to social forces, but not providing the environment they need to really survive and succeed. How can you raise funds to do what the government tells you you now should do? It’s really a mess.

Ms. YUAN. It is really a mess. I think for organizations that work in China, one of the most important things you have to do is to listen to your partners. People who work in this area and have to live with these political dynamics really know how much risk they want to take at any given time. Sometimes they move a little bit forward, and sometimes they pull back.

I think as you talk to people who either pursue lawsuits or are engaged in some kind of activity that could be sensitive related to labor or the environment, they have a tendency to know when the time is going to be right, or it is not going to be right. And if they miscalculate, they are the ones who are going to suffer. So, I think there is just so much that we as foreigners can push. But at the same time, I think there are some very courageous people who are going to be out there and they are going to get their hand slapped.

Ms. SIMON. I have been impressed at the openness in the four that I was talking about, of people being willing to criticize the government’s policies with respect to NGOs. It was really quite astonishing to sit in this conference in November where I made a lot of the same points that I made here and Chinese lawyers and civil society activists were getting up and making the same points. They were saying, as Professor Simon said, we should do this. Very openly. Very strongly. So, I think it just depends on, as Nancy says, what the issue is.

One of the things that is also true is that, former government officials who are now in the private sector working for NGOs, or working for universities are very strong critics of the government’s policy—Yan Mingfu, for example. People like that who have credibility are out there criticizing the government for what it is doing in this area, and not paying attention to the freedoms that are necessary. There is even going to be a freedom of association seminar at Beida in May.

Ms. MA. I agree with Nancy and all the panelists. The timing and the issue is very crucial. In certain times, for example, the anniversary of Liu Si [June 4] that is definitely a taboo. It is not just the timing, but timing is an important factor, because it was the
time that Canada issued him an award. It is also the same time China has the CCP's Central Committee meeting.

Also, the issue is crucial. For example, for a while the Ford Foundation was in trouble because the Ford Foundation made a statement about a sensitive issue. So, there are certain issues you cannot touch.

Fortunately, most Chinese NGO leaders—fortunately and unfortunately—know the rules of the game. They grew up in that environment. They know not to touch the grenade. They know where the wrong button is.

When I interviewed these people, they said there are just so many things we can do. For example, an activist for the Chinese environment, when I interviewed him, said that when he founded the Friends of Nature, his first intent was to influence government environmental policy. Later, he thought, if that is our mission, we will accomplish nothing. Therefore, we decided we wouldn’t do that. Then we switched to education, educating children, and educating the public, to be more aware of the environment. Therefore, they do accomplish a lot in that area.

Unfortunately, it is too practical of Chinese. So there is not great achievement of them in the political and policymaking area.

Mr. FOARDE. Thank you very much. I would like to go on to our friend and colleague, Steve Marshall, senior advisor with the Commission staff. Steve, do you have a question for the panel?

Mr. MARSHALL. I found all of this extremely fascinating, and there are some recurrent themes that keep coming up over and over again: Paradox, contradiction, differentiation—I will try to break away from that, even though it fascinates me so much.

Dr. Hamrin, you specifically mentioned western regions, which also interest me a lot, Tibet, Xinjiang, areas that are very poor, very much in need of outside support in just about every area. Yet, these are the most politically sensitive areas as well, where any support, for example, from the U.S. Government, might raise eyebrows. Can you suggest to us how we could put a positive foot forward in terms of helping local people, but not cause anyone trouble or risk in doing so?

Ms. HAMRIN. The sensitive issue there is the independence of Tibet. Independence advocates, when they mention Tibet, usually are talking about a different entity than the autonomous region of Tibet today. They are talking about the former kingdom of Tibet which took in large areas of five provinces, current provinces of China. I think many Americans aren't fully aware of that.

So, there are many organizations working with Tibetan areas, both in Tibet and in these other provinces of Tibet. I found it quite amazing how much is actually going on in terms of anti-poverty work, health, education and so forth. These are considered non-political, and they are considered anti-poverty. The officials that you end up dealing with are people whose job it is to get something accomplished in these areas, and it seems that there is a lot more that can be done.

Now, whether the U.S. Government can do something on that front, it's work for non-governmental organizations to do, primarily. I don't fully understand the funding connections between government and non-governmental organizations, but it does seem to me
that when we put together our policies, bilateral political policies with China, when we decide on our Tibet policy, that we have to take into account all of these things that are going on that we normally are not aware of and factor that in. And make sure that whatever policies we have are not going to pull the rug out from under those efforts.

Mr. MARSHALL. What if you add religion into the mix, whether it is in Xinjiang or Tibet? That would, of course, make things a bit more sensitive, but by rights that should be non-political. Would you agree with that?

Ms. HAMRIN. As I understand it, U.S. Government policy has never been to officially promote independence of Tibet politically, but has been exactly based on human rights concerns. We want to see that the culture of these areas, including Tibet, is preserved, and that means religious culture for almost all of these ethnic minority areas: Tibetan Buddhist, or Muslim, or there are some Christian minority groups as well. So, you can’t distinguish between culture and religion.

One of the reasons that our religious freedom policy is so sensitive in China, is that Chinese think of religion as the ethnic minority group’s religion. And so, it touches on their worry about separatism in those areas. So, it seems to me that the international religious freedom and human rights policy that we have, in general, should be very front and center to our policy in talking about these areas, that we could make a distinction between that and promoting independence or separatism. Usually, we don’t make that very clear.

Mr. MARSHALL. Thank you.

Mr. FOARDE. I would recognize our friend and colleague, Lary Brown, who is our specialist on labor issues. Lary, do you have a question or two for the panel?

Mr. BROWN. I do. Both Professor Hamrin and Ms. Yuan made a passing reference to the impact of U.S. companies, corporate social responsibility programs on the NGO sector. I was wondering if either of you or the other panelist would care to elaborate on what you think the impact of the money U.S. companies are spending on CSR is having on the development of NGOs and civil society in China, and in particular, whether you think it is going to have a substantial impact?

Ms. YUAN. The support is not usually given to develop civil society in China. It is usually given for a program that advances some particular interest that the company happens to be interested in. I think, indirectly, it supports civil society. Usually, it is given directly to a Chinese NGO, or it is given to an intermediary organization like the Asia Foundation to work with the Chinese NGO.

It’s to do something very specific with funding, so they have to do the project, plan for the project and report on the project afterward to show how they’ve used the funding. That in and of itself is developing the capacity of the organization. But, I would not say that it is necessarily directly to support civil society development.

Now, whether or not it has a broader impact is very hard to tell at this stage. I would say that in theory it does—whatever the project is, it does something good at the time. That they deliver the service or whatever it happens to be and it is a good project,
whether it has broader implications for a trend or movement in any way depends on whether or not it is going to be a one-off project, or it is part of a series of projects.

It depends on what the goal or objective was for the project to begin with, whether it had a broader goal, such as improving the rights of women in China, or if it was to help these particular women in this particular factory to improve their air quality. So, it really depends on the circumstance.

That said, I think it is all to the good. Anything that companies want to do in this area, I think, helps the environment showing that American companies care about Chinese organizations, that they care about the Chinese people, and that they actually want to improve the environment in which they do business.

Ms. Hamrin. I’ve just started to look into this area a little bit, so I don’t know enough about it yet. But, I did see some statistics that show American and Japanese monies going into China are heavily weighted toward educational scholarships and fellowships, and areas that would then help provide good future employees like the IT [information technology] companies putting money into IT departments in universities and so forth.

I was with a foundation executive in January, in Beijing and Shanghai, and we met with committees in both Chambers of Commerce, American Chambers of Commerce, to talk about this issue, and I was fascinated. It seems to me that there is some new thinking going on there. That they want to do things differently, not just these ad hoc, goodwill sorts of efforts, but they really are beginning to see that they could do more and have a bigger impact. This executive I was with gave a speech in Shanghai at their monthly luncheon and was suggesting there was a lot more that they could pass on, besides funding, like their expertise in so many areas, how to run an NGO, how to do accounting or auditing. They were very interested in cooperating with that kind of training effort in the NGO community. So, I think they are just starting, and there are going to be two events going on, one in Beijing and one in Shanghai in May in this area.

So, I believe the Department of Commerce is going to be involved. I think perhaps the DRL [Democracy, Human Rights, and Labor] at the State Department is involved.

Ms. Simon. Yes, I have the agenda for the Beijing conference with me. I can give it to you.

Mr. Brown. Thank you.

Mr. Foarde. Our time is getting very short here. So, I would give the last set of questions to Andrea Worden, if you want. And then, perhaps, each of the panelists would say a final word before we adjourn. So, Andrea, you have 5 minutes for questions, and then we will get a final statement from everyone.

Ms. Worden. I think each of you has addressed the issue of funding; that funding for NGOs in China is inadequate. Besides international funding, and Chinese Government funding for NGOs, where do Chinese NGOs get their funding? Is there a sense of philanthropy in China; are there individual donors? How does that all work?

Ms. Ma. In terms of state funding, there is a very interesting twist to understanding what the meaning of NGO is. Both the Chi-
Chinese Government, as well as Chinese NGOs, whenever they emphasize the autonomous nature of NGOs, they will say there is no government funding. So, in this case, that means that the Chinese Government does not fund real NGOs. This is a big problem for Chinese NGOs.

However, international funding is crucial for the grassroots and the real NGOs. The real key is here. I recently studied Yunnan NGOs, and I also visited many NGOs in other areas. Lots of NGOs emphasize that their biggest problem and difficulty is funding. However, none of the Yunnan NGOs said they have a problem of funding, because international NGOs want to give money to Chinese NGOs. As Nancy said, they need to find the right partner.

Right now, Yunnan NGOs’ development is under that kind of culture. They understand international grants distribution organizations. They need a good partner. They need a good project. As long as you have good projects, you can get international funding. Right now there is $100 million dollars from private resources internationally that go to China. There are a lot of independent NGOs that are almost 100 percent funded by international sources, which is not healthy. However, that is the only way they can get money.

Ms. SIMON. I think that the law in China, the donations law and the tax law really do encourage donations by entrepreneurs, and there is a lot of money coming in from locally based entrepreneurs. In my experience, projects that are extremely worthwhile—I mean, Project Hope did have a scandal. But, back when Project Hope was really a good project, a lot of just ordinary Chinese people contributed.

There was recently an article in China Daily, which members of the Tenth National Peoples’ Congress-Chinese People’s Political Consultative Conference talked about these issues. So, I mean this is becoming a big deal, and people are becoming more and more aware of the fact that it is important to have legislation and also that it is part of the social system that people do it.

Ms. HAMRIN. For the most part, there hasn’t been domestic fund raising until very recently, and it is still very difficult. Even the donations law which says that you can donate to charity doesn’t actually say that charities can raise funds. Can you go ask, or is that illegal? Do you have to wait until somebody sends you a check? There are all kinds of little glitches like that that catch you up. And, there hasn’t been much tax benefit for giving. It’s something like maybe 30 percent for individuals, but only 3 percent for corporate donors. So, it is small. There are a lot of glitches in trying to make it actually function.

But, I also think that there are only a certain limited number of national large GONGOs, trusted groups that are really allowed to do this kind of nationwide fundraising. So a lot of the philanthropy that has come into China has been through overseas Chinese, global networks of all kinds, including faith-based networks where people are following traditional channels of philanthropy and giving to their hometowns and their schools and so forth. So, there is a lot of that.

Hong Kong has been a major channel of funding for NGOs. It is a base for many of the international NGOs operating in China. And
it has been a real big model to show the Chinese what can be done in this area.

Mr. FOARDE. Let us draw this to a close by giving each panelist about a minute to make a final comment if you would like to. And maybe we will start with Nancy Yuan, if you would. I can come back to you, if you like.

Ms. YUAN. Two seconds.

Mr. FOARDE. OK.

Ms. YUAN. I wanted to thank you all for doing this. I think it is a very useful activity to be able to get these ideas all on the table, get it on the record and have an opportunity to clarify some of these issues. I think there is a lot of misunderstanding about the development of civil society and NGOs in China, and I think that this is very helpful. Thank you.

Mr. FOARDE. Carol.

Ms. HAMRIN. I would just say that when we look at the picture in China, if we look from the top-down, we see a lot of abuses, where the government is restricting the development of civil society, restricting religion and so forth. And that is part of the truth. But, if we look at the bottom of society and look bottom-up, we suddenly discover all kinds of things going on as people push back. So, we've got to have both parts of the picture when we are looking at policy, and we need to keep in mind our social and cultural relations with China, which are not governmental, but which the government is duty-bound to try to promote or defend.

Mr. FOARDE. Karla.

Ms. SIMON. I would also like to thank the Commission for doing this. I think it is extremely important and we do need to clear out a lot of the cobwebs in our thinking about these issues.

But, I think also there is just a tremendous amount of really hopeful stuff happening. The government is going one step forward, two steps back consistently in this area as well as in others. But, there is just no connection between working there 10 years ago and working there now. It is just completely different. Much more open. Much more willing to engage.

And I think that that message is a message that the members of our government and the Members of the Congress really need to know. The American people don't know it yet, but hopefully Members of Congress can find out and that would, I think, change some of the attitudes about funding for China.

Mr. FOARDE. Professor Ma.

Ms. MA. Yes, I think the period from 1995, when the World Conference on Women was held in Beijing, to 1998, the most recent Chinese Government regulation, should be considered as the turning point in Chinese NGO development. Right now, I suggest, as Karla said, a lot of really positive things are happening. The U.S. Government and Congress should seize the opportunity to be an active and positive player, and I think Chinese people—from the Chinese NGOs perspective, they like not just money—they call donations blood transfusions, rather, they like the technical help, the theoretical training, capacity training, those kinds of new perspectives, which not only work in the U.S. and other developed countries, but it is very effective in developing countries.
Mr. FOARDE. Thanks to all four of our panelists, and on behalf of the Chairman and Co-Chairman of Congressional-Executive Commission on China, Congressman Jim Leach, and Senator Chuck Hagel and all of the members of the CECC, thanks to the panelists, to the staff panel, and to all of those who attended, particularly those who waited the extra half hour because of our evacuation glitch. Thank you for coming. We look forward to seeing you next Tuesday afternoon at 2:30 in this room for another issues roundtable. Thank you.

[Whereupon, at 4:40 p.m. the roundtable was concluded.]
What are Chinese NGOs? Is it possible that, under China’s one-party state, non-governmental organizations can sustain and play important economic, social, and political functions? My answer is Yes. The last two decades have witnessed the dramatic increase of Chinese NGOs in number, size and influence. Barely extant before, these new organizations carry out many social, economic, and cultural tasks previously controlled or neglected by the government, from establishing centers for abused women and abandoned children, to organizing community recycling programs. These institutions are by far the most powerful instruments through which Chinese people participate in public affairs, develop personal interests, and make their voices heard; they indicate a more active and engaged citizenry than ever before. The development of NGOs in the past twenty-odd years is a key step in the evolution of a civil society in China.

Given China’s current political condition and her historical background, its development of NGOs is very unbalanced and still in the preliminary stage. This is reflected in the uneven growth of NGOs in different regions and subjects. Though NGOs and civil associations are very active in economic development, poverty alleviation in poor regions, and community building, others in politics, religion and advocacy play an insignificant role in the overall rise of NGOs. Their involvement in policymaking is also very limited.

Under China’s current political system, without the government’s approval and encouragement, the upsurge of nongovernmental organizations would be impossible. Since the opening of China in 1978, the government’s policy toward NGOs has generally been positive. Understanding the political consequences of NGOs, the government is still convinced that NGOs, with the support of the general public, private sector, and international nonprofit sector, can provide much needed social and professional services, as well as intermediary mechanisms for economic and social transformations. By legalizing and promoting NGOs, especially those related to the economic and social development, the government has played a crucial and positive role in NGO growth in China.

However, during these years, the official attitude toward NGOs has been inconsistent and self-contradicting, volleys between encouragement and restraint. A requirement of the government’s promotion of NGOs is its belief that the State has ultimate, especially political, control over NGOs. The Chinese Communist Party (CCP) and the government’s concern about the political risk of promoting NGOs has been intensified during different periods and as related to different issues, and the government has not hesitated to suppress these organizations or their activities if it believes they form a threat to national interests and security. All NGOs have to follow political principles in order to legally exist. In this sense, all NGOs, no matter how grassroots or self-reliant, do not enjoy complete autonomy. Yet, we must recognize the significant gap between the rhetoric of the party-state’s intention and what actually can be enforced by the government. In reality, the NGOs in China enjoy much greater autonomy than may appear on paper.

In the following sections, this article will discuss China’s official NGO classification, definition and terminology, based on Chinese official documentation, the author’s interviews of Chinese officials, NGO leaders and scholars, as well as English and Chinese NGO literature.

2. THE OFFICIAL CLASSIFICATION OF CHINESE NGOs

What are the Chinese NGOs according to China’s legal documents and official policy? Many western as well as Chinese studies of nongovernmental organizations in China have taken the term “social organization” to be equivalent to the western term “NGO” or “NPO” without recognizing that Chinese “social organizations” constitute only part of the full range of the country’s NGOs. This is largely because until most recently the Chinese government itself used “social organization” as a unified term for organizations that are NGOs in the Western sense and refused giv-
ing legal status as NGOs to a vast number of private non profit service providers such as non-state-run schools, hospitals or other professional institutions. In a recent study of Chinese NGO law, the authors still state: “NGOs are usually defined as ‘social organizations’” (Xin and Zhang, 1999, 91).

Not until 1998, were a great proportion of private nonprofit organizations in China excluded from the official classification of non-governmentally run organizations. The latest Chinese government regulatory documents, issued in 1998, provide by far the most comprehensive system in PRC history, covering a highly diverse nongovernmental sector; they are the key documents establishing the Chinese definition of NGOs. According to the new official classifications, NGOs include two general categories: social organizations (SOs, shehui tuanti, or shetuan), and nongovernmental and noncommercial enterprises (NGNCE, minban feiqiye danwei). (See Chart 1.) Under these two general categories, Chinese NGOs are officially divided into different types according to either their organizational forms or professional missions. The SOs are academic, professional or trade associations, federations and foundations, while the NGNCEs are divided into ten general types: education, health care, cultural, science/technology, sports, social welfare, intermediary services, employment service, legal service and others.

Since the establishment of the People’s Republic of China, the government has, in 1950, 1988–1989, and 1998, issued three rounds of documents regarding the classification, registration and regulation of organizations outside of the government system. The first two rounds classified all types of associations and institutions that are nongovernmental into a single category: social organizations. In the early 1950s, the government—following the Soviet Union model—nationalized all private schools, hospitals, charitable organizations and other service providers. From then on until the dawn of the reforms in 1978, no private nonprofit service providers existed in China. Therefore, before the reforms, social organizations were basically membership associations. Then, starting in the mid-1980s, the government founded a number of “nongovernmental” foundations and charitable organizations to generate international and Chinese private money for certain public causes. As there was no existing category for this type of organizations, they were, and still are up today, officially classified as social organizations, even though they are not membership entities.

The term NGNCE was created by the government in 1998 to provide legal status and unify the official management of rapidly growing private nonprofit service institutions. After the opening reforms of 1978, there was a pluralization of cultural, social, and economic interests, which created large-scale needs that the government was no longer able to deliver. It has since become clear that state-owned schools, nursing homes, healthcare and social welfare providers, as well as research institutes no longer suffice. With the state’s permission and encouragement, all kinds of non-state-owned or private social and professional institutions emerged to fill the gap.

2These documents are: “Regulations of Registrations of Social Organizations (SO)” ; “Temporary Regulations of Non-governmental and Non-commercial Enterprises (NGNCE, minban feiqiye danwei)” ; and “The Temporary Regulations of Non-commercial Enterprises (shiye danwei).” According to the author’s interview with an official in the Bureau of Nongovernmental Organizations, 2001, Beijing, China, a revised document on regulation of the foundations and a new executive document on foreign NGOs in China are forthcoming.
3The NGNCEs are income-making institutions that do not produce products but provide services. The 1998 Regulations for the nongovernmental and noncommercial enterprises clearly stipulates that the NGNCEs must be established with non-state funds, and engage in not for profit social services.
Under China’s current dual registration system, all private organizations have to have a supervising government body in order to register with the Ministry of Civil Affairs (MOCA). Chinese NGOs call these bodies “mothers-in-law.” Both social organizations and NGNCEs are required to register with MOCA and its local branches. According to the 2001 official statistics, 136,841 social organizations of all levels registered nationwide. Although officials at MOCA estimate that there are about 700,000 NGNCEs in China, in 2000, only 20,000 were registered with MOCA. As many private providers and institutions have difficulty finding appropriate bodies to serve as their mothers-in-law, they have to either register as for-profit enterprises under the bureau of industry and trade, or as non-corporate organizations. It was due to this inadequate classification system that the government created the NGNCE category in 1998. This classification is similar to the category of “public service” in the United States. (See Chart 2.)

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3. DEFINING NGOs AND CIVIL SOCIETY IN CHINA

The term “NGO” is widely used to refer to various types of organizations outside of State systems, including advocacy organizations, nonprofit service-providing institutions, religious groups and social welfare organizations. Lester Salamon and Helmut K. Anheier, two leading authorities on international NGOs, list the key features of NGOs as follows: they are formal, private, non-profit-distributing, self-governing, and voluntary. This set of characteristics includes the most important and generally recognized features that distinguish the private nonprofit sector from the governmental and the for-profit private sectors. Within different cultures and political systems, the meaning of the term “NGO” varies. In Western Europe, for example, an NGO often refers to a nonprofit advocacy or service organization that is active internationally. In East European countries and republics of the former Soviet Union, NGO tends to designate all charitable and nonprofit organizations.

What are the nongovernment and nonprofit organizations in China today, and how does the Chinese government define them? This question is the very first step toward our understanding of Chinese NGOs, and two major aspects need to be clarified. As the next section will further explain, according to the 1998 official regulatory documents of the NGOs, the Chinese government classifies all institutions into two general categories: social organizations and nongovernmental and non-commercial enterprises (NGNCE). In “The regulations of registrations of social organizations” (1998), the government offered a definition of social organizations. “Social organizations,” it states, “are nonprofit organizations that are voluntarily founded by Chinese citizens for their common will and operated according to their charters.” Another official document in the same year announced that, “nongovernmental and noncommercial enterprises are social entities engaging in nonprofit social service activities, and they are founded by for-profit or nonprofit enterprises, social organizations, other social forces or individual citizens, using non state-owned property or funds.”

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Comparing the Western and Chinese NGO definitions, the most obvious distinction is that the Chinese official definition of NGOs does not mention self-governance, a key criteria of Western nongovernmental organizations. Still, we should give the Chinese government credit in their effort to catch up with the international standard in their governance of NGOs. First of all, for a long time, the government did not know what the definition of social organizations should be. Thus, instead of giving a clear definition, the 1989 official regulation only listed all types of associations and institutions that the government recognized as “social organizations.” 11 The 1998 documents, for the first time, provided not only a clear description of the meaning of “social organizations,” but also created a new legal status—NGOs—for private service providers. Second, even though the Chinese official definition of NGOs did not include self-governance, the Ministry of Civil Affairs (MOCA), since the 1990s, has been pushing the “three selves of polity”: financially self-sufficient, self-governing, and self-recruiting (sanzi zhengce). 12 Yet, one must recognize the gap between “talking the talking” and “walking the walking.” As mentioned earlier, how much autonomy Chinese NGOs enjoy is still the most controversial issue.

In the time span of several hundred years, many philosophers and thinkers have left their marks on civil society, and the debates continues today over the definition, meaning and function of civil society. The conceptual evolution of civil society in the West has left a great profusion of interpretations and models. This concept today is used, in a simplified form, to indicate people’s expression of their opinions and interests, usually via civic associations, and the mechanisms that enable them to participate or influence policymaking. In their study of Chinese civil society, Gordon White, Jude Howell, and Shang Xiaoyang define civil society in general as

An intermediate associational realm situated between the State on the one side and the basic building blocks of society on the other (individuals, families, and firms), populated by social organizations which are separate, and enjoy some degree of autonomy from, the state and are formed voluntarily by members of society to protect or extend their interests or values. . . . The political conception, which derives mostly from the Anglo-American liberal tradition of political theory, equates ‘civil society’ with ‘political society’ in the sense of a particular set of institutionalized relationships between State and society based on the principles of citizenship, civil rights, representation, and the rule of law. 13

Contrastingly, Deng Zhenglai and Jing Yuejin, two leading Chinese scholars of civil society, describe a Chinese civil society as “a private sphere where members of society engage in economic and social activities voluntarily and autonomously, according to the rule of contract. It is also a nongovernmental public sphere where people participate political and governing activities.” 14 The concept of civil society in the West has a long history of representing democracy and the confrontation or even antagonism between the State and society. However, it is widely agreed among Chinese scholars who participated in debates during the 1990s on building a Chinese civil society that the relationship between the State and (civil) society in China should be constructively and mutually interactive.

4. CHINESE EQUIVALENTS OF NONGOVERNMENTAL ORGANIZATION

<table>
<thead>
<tr>
<th>English Term</th>
<th>Chinese Term</th>
<th>Examples of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Organizations</td>
<td>Shehui tuanti</td>
<td>A general term for member-serving associations and foundations.</td>
</tr>
<tr>
<td>People’s Organizations* (19 at the national level)</td>
<td>Renmin tuanti</td>
<td>“The eight big organizations:’ such as: All China Federation of Trade Unions, Chinese People’s Friendship Association, All-China Federation of Returned Overseas Chinese.</td>
</tr>
<tr>
<td>Mass organizations*</td>
<td>Qunzhong zuzhi</td>
<td>All-China Federation of Trade Unions, Chinese Communist Youth League, All-China Women’s Federation.</td>
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</tbody>
</table>

11 Private interviews with a former director of the Division of Social Organizations at MOCA, Beijing, 1996.
12 Private interview with the vice director of the Division of Social Organizations at the MOCA, Beijing, 1996.
14 Deng Zhenglai and Jing Yuejin, “Jiangou Zhongguo de shimin shehui” (build a Chinese civil society), in Deng Zhenglai, Guojia yu shehui (the state and society) (Chengdu, China: Sichuan People’s Publishing House, 1997), pp. 1–22.
Shehuì tuánti or shètuán (social organization) is the most commonly adopted term for organizations outside the state. In classical Chinese, "she," "hui," and "tuán" all mean associations or groups. The term “social organization” predated the establishment of the PRC, and some scholars believe that the earliest forms of Chinese social organizations can be traced back to the Spring-Autumn period (770–476 B.C.). However, the term refers primarily to modern forms of private associations that first appeared at the beginning of the 20th century. Since 1949, the PRC government has continued to use this term, and three of its regulatory documents on this subject (1950, 1989 and 1998) all use the term shehuī tuánti for entities that outside the State system.

Whereas “social organization” is adopted by the government as a general term for organizations outside of the state, the remaining four terms are also used officially, but more specifically. Renmin tuansi (people’s organizations) appeared in the 1954 and 1982 Constitutions and other government documents. Though Qunzhong zuzhi (mass organizations) has never been used in any legal or official regulatory documents, it has been used officially on many occasions. Only a small number of prominent organizations have ever been classified as either “people’s organizations” or “mass organizations.” The so-called “eight big organizations” (bá da tuánti) are all people’s organizations, and some of them are also mass organizations.15 The two terms are not exclusive, and the Chinese Communist Party (CCP) uses them according to its political agenda. The All-China Federation of Trade Unions (ACFTU), the Chinese Communist Youth League (CCYL) and the All-China Women’s Federation (ACWF) are mass organizations in structure, but they are also referred to as people’s organizations to indicate their prestigious status. These two types of organizations, although are also categorized as social organizations, do not register with MOCA, nor are they under MOCA’s supervision.16

The questions here are: what are the meanings of these two terms? Why are they still in use today? Why do we need to know about these two types of organizations? Chiefly because they help us understand the way the Chinese government employs social organizations as tools of political struggles. The people’s organizations and mass organizations have significant political implications and historical backgrounds, although no official documents have ever defined them. One must turn to China’s contemporary history and the CCP’s political vocabulary. The term “people’s organization” was created by the Nationalist Party (Guomindang) in the 1920s and is still used in Taiwan today. After 1949, the PRC government accepted the term, but employed it, especially in the early period of the PRC, to refer to organizations that participated in the First Chinese People’s Political Consultative Conference (CPPCC) in September 1949, a month before the establishment of the PRC.17 In fact, the CCP organized quite a few organizations around that time to unify various political forces joining the revolutionary cause. They have been China’s most influential organizations ever since, and are the backbone of the United Front represented by the CPPCC.

In contemporary CCP political vocabulary, the word “people” is the opposite of the word “enemy” or “CCP’s enemy,” and its meaning changes from one political period to another, depending on the specific targets of the revolution. For instance, during the anti-Japanese War (1937–45), the landlord class was included in the category of “people,” while during the land reform movement (late-1940s to early-1950s), they

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15 The eight organizations are All-China Federation of Trade Unions, the China Communist Youth League, All-China Women’s Federation, China Federation of Literature and Art, China Association of Science and Technology, China Writers Association, China Law Association, and All-China Journalists Association. The first three organizations were established during the revolution period and have been the most loyal to the CCP ever since; others were also close to the CCP before 1949.

16 The people’s organizations and mass organizations are under the direct management of the Central Committee of the Chinese Communist Party. Currently, there are 19 of them. See, ZJWB.

17 “The Temporary Regulation of Registration of Social Organizations” (1950) clearly classified these organizations as people’s organizations.
shifted to "enemy." Shortly before the establishment of the PRC, Mao Zedong published an important article, "The Dictatorship of the People's Democracy" (1949). "Who are the 'people?'" Mao asked. "At the present stage in China, they are the working class, the peasant class, the petty bourgeoisie, and national bourgeoisie. Under the leadership of the working class and the Communist Party, these classes united together to form their own State and elect their own government [so as to] carry out a dictatorship over the lackeys of imperialism—the landlord class, the bureaucratic capitalist class, and the Kuomintang [Guomindang] reactionaries." Mao continued, "The democratic system is to be carried out within the ranks of the people, giving them freedom of speech, assembly, and association." Consequently, the Chinese (and all organizations as well) are divided into: leading classes, the United Front (classes that are the CCP's allies), and the enemy.

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

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

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

On the other hand, the CCP relies on mass organizations to reach out to different groups of people; this was true during the revolutionary period and is still the case today. These organizations provide a bridge between the CCP and the people. Before 1949, many mass organizations were grass-roots organizations fighting directly for their members' interests. After 1949, the CCP became the ruling party, and workers unions, women's federations and youth leagues became governmental organizations entirely dependent on and closely controlled by the government. The interests of their members have been ignored, or, in the CCP's phraseology, individuals obey the State and Party's interests, and their duties switched to that of propagating Com-

\[18\] The 1950 Regulations' particularly stated that all people's organizations did not need to register with the government. This practice has continued even though the new regulatory document (1989) has no such item.


muninst ideology, assisting the Party, and recruiting CCP supporters. The government has entrusted them with important administrative functions and has accorded them the privileged status of government agencies.

In short, the term “people’s organization” implies a mission for the United Front, and the term “mass organization” indicates a close but subordinate relationship with the Party. From a historical perspective, these classifications reveal the CCP’s notion of non-party organizations and its changing agenda in different periods. Although the conditions of nongovernmental organizations have altered tremendously since the 1980s, the official policy toward these two types of organizations remains almost unchanged. In order to downsize, in recent years the government has pushed previously government-funded organizations to become self-sufficient. However, the people’s and mass organizations are too important to the CCP’s political power to grant them independence. Instead, the government continues to furnish them with financial and personnel support. This situation has created a major dilemma for the government in its effort to apply a uniform regulatory and managerial policy to all social organizations. This is also an important reason for the reluctance to formulate a clear social organization law (shejuan fa).

Two other terms for nongovernmental organizations, minjian zuzhi and feizhengfu zuzhi, too, have their own origins and political connotations. In Chinese, minjian means “As a rather old Chinese term, minjian zuzhi is an antonym of “governmental organization” (guanban or zhengfu zuzhi) and highlights the very nature of self-organizing. In the early 1950s, nine religious organizations (minjian zongjiao tongmeng) and their branches nationwide were identified as “anti-revolutionary secret societies” and officially banned. As a conspicuous political event, the dismissal of the minjian zuzhi sounded a clear signal, and eventually “minjian zuzhi” vanished in China. From then until the 1980s, this term was only used to refer to foreign nongovernmental organizations that functioned as very important channels between China and the outside world. Not until the 1990s was the term minjian zuzhi revived. In 1999, the governmental agency in charge of all national NGOs under MOCA was renamed Minjian Zuzhi Guanliju (literally translated as, the Managing Bureau of Popular Organizations, though its official name is the Bureau of the Management of NGOs).

The term fei zhengfu zuzhi is not authentic to the Chinese language but is a transliteration from English “nongovernmental organizations.” When China hosted the 1995 Fourth World Women’s Conference (WWC) in Beijing, the Nongovernmental Forum made this term well known to the Chinese. To prepare Chinese women’s organizations to understand the meaning and practice of fei zhengfu zuzhi, the All-China Women’s Federations launched a campaign to train women leaders at all levels. Over 8,000 workshops and seminars nationwide trained 1,910,000 women leaders and activists, most of whom learned the term fei zhengfu zuzhi for the first time. Since then, “fei zhengfu zuzhi,” and later, “fei yingli zuzhi” (nonprofit organizations) have become formal terms in the Chinese political vocabulary. Foreign NGOs are commonly called fei zhengfu zuzhi; Chinese social organizations, however, are reluctant to call themselves fei zhengfu zuzhi. In Chinese, the word “fei” means “not,” but also “wrong” or even “anti.” For example, during the May Fourth Movement (1919), the Chinese name for the “Great Federation of Anti-Religion Movement” used fei for “anti.” The same held for the “Federation of Anti-Christianity.” Instead of choosing fei zhengfu to indicate their nature, many new Chinese NGOs prefer to use NPOs (nonprofit organizations.)

5. CONCLUSION

In summary, since the late 1980s, the government has undertaken substantial measures to improve the legal and political environment for the growth of NGOs and to strengthen governmental control over them at the same time. The promulgation of a series of regulatory documents since 1998 indeed has provided a much

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21 In the past two decades, the real value of government funds to these organizations has fallen considerably due to serious inflation. Thus, they are under strong pressure to seek other financial resources. Like all social organizations (except the foundations), these organizations also are allowed to run for-profit businesses to supplement their incomes. But government funds are still their major revenue. For example, the Youth League is a fully funded government organization, but the government allows it two for-profit enterprises with 1,150 employees.

22 Interviews with a participant in drawing up a “social organization law.” 1996, Beijing, and an official in the Bureau of the nongovernmental organizations, MOCA, 2001.

23 The original name of the agency was the Division of Social Organizations. It was not just renamed; the rank of new agency was also escalated from a division (chu) to bureau (ju).

24 Ibid.

25 The Chinese names for these organizations were “fei zongjiao da tongmeng” and “fei jidujiao tongmeng.”
clearer and unified status to most organizations outside of the State system. However, these efforts are not without obstacles and costs. While new organizations are seeking more autonomy, many well-established social organizations are reluctant to change. People’s organizations and mass organizations stand to lose political power, privilege, and security with a fundamental change in the status quo. At present, the government is rethinking the roles and statuses of these two types of organizations, which number 200 nationwide. However, these political bodies are too important to the CCP’s power to let them become independent.

The confusion and inconsistency in the classification of social organizations is reflected in the uncertainty of the government’s policy towards NGOs as a whole. This reveals problems more profound than the clarification of categories or social organizations terminology. The government faces a great challenge in letting organizations become autonomous in financial and managerial matters and takes the political risk of losing control entirely. Without a comprehensive and long-term policy, how can the government define the term “social organization,” change the status quo of the people’s organizations and mass organizations, or offer Chinese social organizations the rights that international NGOs enjoy? The future roles of the Chinese organizations remain in doubt.

PREPARED STATEMENT OF KARLA W. SIMON
MARCH 24, 2003
CREATING AN ENABLING LEGAL ENVIRONMENT FOR CHINESE NPOS

An “enabling legal environment” for the non-government, not-for-profit (NPO) sector—also known as civil society—in any country consists of the following:

• Supportive “legal framework” legislation—the legislation relating to the establishment, governance, and oversight of NPOs;
• Supportive legislation regulating NPO-state relations, allowing partnerships between State entities and NPOs to be established (both with respect to service provision and policy development);
• Supportive tax legislation, permitting various forms of tax relief for NPOs and their donors, thus creating an environment in which NPOs and the business sector can work together for the good of society; and

• Other necessary legislation affecting NPOs and their operations (e.g., fundraising legislation).

Most developing and transition countries have struggled with the issues involved in creating such an enabling legal environment, in large part because they are fearful of the consequences of creating a truly independent NPO sector, with economic resources, as well as access to the people by virtue of meeting important social needs (in other words, possible political access coupled with economic resources). Thus, China has not been alone in dealing with NPOs out of suspicion and fear.

Yet the Chinese government has been very clever in seeking step-by-step to create a more open and supportive legal environment for NPOs. Since the late 1980s the government has had in place policies to encourage certain types of NPOs to come into being. Although these organizations have at times been affiliated with the Chinese Communist Party (CCP) structures, such as the All China Youth Federation and the All China Women’s Federation, many of them have also been independent of the CCP, if not the state. In fact, in the 1980s the government made a clear decision to encourage certain semi-independent organizations to come into being, by adopting regulations that permit both associations (social organizations) and foundations to be formed, albeit with rather stringent government control and oversight.

The types of organizations that were created in those years (top-down, rather than bottom-up) include the various foundations for the poor and for struggling communities (such as a Foundation for Underdeveloped Regions, the China Charity Federation, the China Youth Development Foundation) as well as such organizations as the Amity Foundation, a Chinese Christian organizations that supports rural development, one of the few organizations that can claim a sort of independence from the state. These various foundations and federations were perceived from the outset as a means to attract donations from overseas as well as PRC-based Chinese to help the State implement programs it perceived to be necessary; for example, to raise

26 There are two hundred of these types of organizations nationwide, including 19 national organizations fully funded by the government. Several of them were organized after the 1980s; the most well known are the Soong Ching Ling Foundation and the China Federation of Handicapped People. See, ZJBWB (1996).
funds to help victims of the Yangtze floods (China Charity Federation) or to develop resources to support school children in poor communities (Project Hope of the China Youth Development Foundation). While not true NPOs or civil society organizations because of their linkage to the State and their top-down creation, many staff members who work for these entities nonetheless have become powerful spokespersons for the creation of more independent entities, which might grow away from state control.

Most recently the government has begun to experiment with regulations that permit more autonomy for NPOs. While the 1998 regulations on associations (social organizations) and non-state, non-commercial institutions have continued the dual oversight structure present in the 1980 s regulations, they at the same time show that the government and the CPC are beginning to be aware of the need to free such organizations from overly stringent types of controls. The 1998 association regulations permit, for example, 50 citizens to come together to form an association—something that was never allowed in the past, when top-down creation of organizations was the norm. In addition, more has been made about “self-management” by NPOs, something that received little emphasis in the past. And, perhaps most significant in terms of the evolution in government/CPC thinking, recent discussions of possible new foundation regulations suggest that the state and the CPC are moving in the direction of freeing such entities from invasive government oversight by recognizing more Western forms of fiduciary responsibility.

A further sign that the government has an interest in a more enabling legal framework for NPOs can be seen in the adoption of laws that allow better tax incentives for charitable giving. This goes hand-in-hand with the awareness that China’s increasing private wealth (made possible under Deng Xiaoping Theory) should be better harnessed to contribute to social and economic development. At present, the Donations Law and the Income Tax Law permit deductions of up to 30 percent of net income for individual entrepreneurs and up to 3 percent for corporate donors—both domestic and China-based foreign donors. More recently, members of the 10th National Committee of the Chinese People’s Political Consultative Congress (CPPCC), were quoted in China Daily as being in favor of more broadly based incentives for charitable giving. In addition, the government is aware that it must create more of a more appropriate tax exemption regime for NPOs.

There is also more openness to input from other countries about the way in which the legal system can be more enabling for NPOs; this is true despite the “Falun Gong setback” in 1999. In 2003–2004 the government will have organized or participated in four conferences or workshops to discuss various aspects of NPO regulation and governance (two in fall 2003 and two in spring 2004), and the International Society for Third Sector Research (ISTR) plans to hold its Asia Region meeting in Beijing in October 2004. After publicly opening up to foreign technical assistance in this area in 1999 at Asia Foundation and Ford Foundation/UNDP sponsored conferences (there had been a great deal of pre-1999 technical assistance, but it was never discussed in public fora), the government seems to have become increasingly aware of the need to develop a legal framework that will give more freedom to NPOs. In fact the two events held in the latter half of 2003 were paid for solely with government funds and involved significant non-Chinese participation.

What this all will lead to is not clear. It may all be “eye-wash,” but I doubt it. The government knows full well that it must relinquish controls and create more independent civil society partners if it is going to survive. The social and economic problems China currently faces cannot be solved by government alone—but how fast or slowly the changes occur will depend on many factors that have nothing at all to do with technical legal reform efforts. Nevertheless legal reform is necessary, because without it many organizations will remain in a legal twilight, described in a recent US Embassy-Beijing briefing paper—to avoid the strictures surrounding registration and oversight as an NPO (association, social organization) many register as “corporations” under current law. While this has been tolerated for organizations that are not particularly sensitive from a political standpoint, such organizations are still subject to corporate tax and may face other difficulties.

Recent developments suggest that the government has become aware that legislation is needed, not just regulations, which have a more temporary character and are not tied into the proposed new Civil Code. But the underlying theoretical issues remain: how should the legal reforms take account of increasingly troublesome social

1 Falun Gong scared the Chinese government—it is a non-government organization that operates outside the normal regulatory structure. Thus, government attitudes toward Falun Gong briefly affected thinking about how government should deal with NPOs and civil society more generally.
and economic realities; how should they reflect the need to modernize Chinese society, to make it more fully participatory? Certain objectives are clear:

1. The State should move away from overt “control” of NPOs and their activities and toward membership and fiduciary governance structures, with continuing government oversight;

2. More mechanisms should be provided within the law for transparency (good internal reporting, recordkeeping, and accounting rules) buttressed by the development of the governance norms previously mentioned;

3. There should be clearer accountability (not “control”) mechanisms—to the State for funds received and programs implemented; and to the public and beneficiaries as well, because they should have ultimate oversight of these issues;

4. There should be more thought given to a clearer tax exemption regime for NPOs as well as to creating tax incentives for the working population (through workplace giving) and rationalizing the existing incentives for entrepreneurs and businesses; and

5. Regulation of fund raising and asset management by NPOs should be strengthened, so as to protect the public and the non-state assets devoted to its welfare.

In addition to these crucial aspects of the written law, it is also essential that the laws (or the current regulations) be applied in a fashion that supports rather than stifles civil society. Naturally that involves a change in mindset for many government bureaucrats—principally those in the NGO Bureau of the Ministry of Civil Affairs—but recent experience suggests that such a change is occurring. In the first place, government personnel from all over China came together in November 2002—in a public setting for the first time—to discuss the issues I am raising here today. Second, the government is earnestly seeking to train its personnel so as to engender more supportive attitudes among them. Younger staff members of the NGO Bureau of the Ministry of Civil Affairs have attended trainings in the United States and other countries, which expose them to ways of looking at civil society that are more open than what they see at home. Third, the new upper echelons of the Ministry, both in Beijing and the provinces, seem determined to learn about how they can work more closely with more independent NPOs—they are seeking training and access to more information about how this is accomplished in other countries.

Writing in 1996, one of the chief American scholars on civil society in China, Dr. Richard Estes of the University of Pennsylvania noted as follows:

Chinese legislative authorities simply have not had sufficient time, nor have they accumulated sufficient administrative experience, in knowing how to frame an integrated [set of laws] that effectively deals with the various roles, functions, tax status, accountability procedures, and similar issues [for] a rapidly developing, quasi-independent, social sector.

In the intervening years, administrative practice has become much more developed, and knowledge of the ways in which the laws and oversight of other countries address NPO legal issues has increased immeasurably. In July 1999, at the Asia Foundation sponsored conference in Beijing, with government officials (from MOCA as well as other oversight agencies), legal academics, and NPO leaders in the audience, I suggested that the regulations and regulators view Chinese NPOs as little children that need to be led by the hand. NPOs, on the other hand, view themselves at least as teenagers and want to be allowed to do things on their own. It may still be that the view of NPOs as children—and possibly unruly children at that—remains. But my sense is that the government is slowly coming to the realization that the NPO sector is in fact growing up. And it is my hope that the next few years will be ones in which the essential issues—both of the law and of its application—are addressed so that the legal environment for China’s civil society can become truly enabling.

PREPARED STATEMENT OF NANCY YUAN
MARCH 24, 2003

BACKGROUND

China has become Asia’s fastest rising economic power. Two decades of economic liberalization and now entry into the WTO, have resulted in improved economic indicators, a growing trend toward legal reform, and an expanding influence throughout Asia. Economic growth and reform has also had a significant impact on China’s
domestic social and political development, creating more opportunity and prosperity, but at the same time, daunting challenges.

Large scale unemployment as a result of State owned enterprise reform, and rural unrest among farmers as a result of falling prices and rising corruption by local officials, has led to well publicized demonstrations in some parts of China. Without adequate social safety nets, unemployed workers are left without basic health care, education or housing, all formerly provided by their employer. Income disparity has widened sharply between China’s coastal areas and the western provinces, accentuating the gap between the rich and the poor. The official estimate shows that between 1990 and the end of 1999, household income of the wealthiest 20 percent in China increased 4.2 times more than that of the lowest 20 percent. Other problems include environmental degradation and pollution, public health issues such as HIV/AIDS, and corruption among officials.

While there are some signs of democratic progress, albeit small, in the election of village committees, experiments with township elections and even public hearings in provincial and municipal legislatures in selected areas, fundamental political reform is not truly on the table. It is true however, that while economic progress has not necessarily led to more democracy per se, there is a developing rights consciousness among Chinese citizens, and a better awareness among government officials that there must be more responsive to the rights and material needs of the people. While circumstances vary across China, given the size of the country and the differences between regions, it is clear that the government must address these problems, or risk instability and chaos.

CURRENT STATE OF CHINA’S NGOs

One of the most significant developments in China over the past two decades has been the emergence of civil society organizations. In 1949, when the Chinese Communist Party came to power, all independent civil society groups were eliminated, and all remaining social organizations were brought under the Party’s control. China’s rapid economic reforms have led to a fundamental change in the relationship between the party and the state. The population is weary of ideological campaigns, and there is an increasing gap between the party and the functions of state, as well as between the state and the general population. China’s modernization, and economic liberalization combined with a growing, more educated middle class, and serious income disparity between the coastal and interior provinces, have led to citizen demands for more services, less corruption and more accountability in government.

As such, China has gradually moved toward a more pluralistic society, with increased decentralization of authority and services managed by lower levels of government, and recognition of the rule of law, including the rights of the individual to protection under the law. These developments have left space for other actors, thus laying the basis and need for civil society organizations.

There are many reasons why the Chinese government has come to see some benefit in the development of a civil society sector in China. As Nick Young, editor of China Development Brief, notes in an August 2001 special report on China’s NGOs, “government faces a daunting mix of service gaps, increased demand and fiscal constraints.” The CCP places the highest priority on national cohesion and stability, and while still nervous about the unharnessed power of civil society, it has still come to the conclusion that civil society organizations can contribute toward this goal.

There are many types of nongovernment organizations (NGOs), with few completely independent or structured under laws as defined in Western countries. Progress in legal regulation of NGOs in China has been uneven and the application and enforcement are often guided by political imperatives, such as the restrictive rules that were passed post-Tiananmen in 1990, and most recently, enforcement of more restrictive regulations because of concerns over the Falun Gong. Donors engaged in development efforts in China tend to look for NGOs that are independent of government, representative of their constituents and participatory in their decision making as qualifications for partnership. While these concerns are pertinent to China’s situation, no single definition is sufficient in characterizing the current State of China’s NGOs. Chinese NGOs cannot yet be defined as an ”independent sector,” but should be seen in the broader socio-economic development perspective of China’s changing social and political dynamics.

Under Chinese law, laws and regulations exist to govern application and registration processes, and guide the scope of activities of NGOs. These require NGOs to register with the Ministry of Civil Affairs or its provincial or municipal affiliate. This supervisory role of government over NGOs encourages a close link to government. However, because of the lack of enforcement and underdevelopment of the
Over the last decade, there has been a transformation of traditional mass based government sponsored organizations, such as the All China Youth Federation and All China Women’s Federation, from party instruments to organizations that increasingly represent the interests of their constituents. In addition, the space created by the economic reforms of the 1980s allowed the development of more players. While these organizations have traditionally had an affiliation with government in order to operate, and despite the fact that they must register with the government agency, many have become more independent, both in program and funding, and are more active in representing the needs and interests of their constituents through active programs that address issues of their local communities. Even the largest national organizations, such as the China Charity Federation and Poverty Reduction Foundation have ties to the government. These government organized NGOs (GONGOs) are becoming more independent in management and fundraising. These are often supported through local “donations,” indigenous philanthropy through community, and even overseas Chinese resources. Because of their ability to deliver services at the local level, there is a growing recognition of their positive role in society. Nongovernmental organizations are seen as filling gaps left by government budget shortfalls, providing social and other welfare services at local levels, such as elder care, education, and health care services. On occasion, organizations come together to collaborate, particularly in service delivery to the poor and disadvantaged. Regardless of the status or affiliation of the organization, nongovernmental groups nonetheless perform an important, and potentially critical function in the context of a changing Chinese society.

**THE ROLE OF INTERNATIONAL ORGANIZATIONS**

The nongovernmental sector in China has evolved quickly. Through technology and globalization, they have been able to make contacts with many international NGOs, either in the same field, or those looking to provide financial and technical support. This includes a wide range of donors, private foundations, private corporations operating in China and other like minded NGOs. China Development Brief concluded that China is receiving well over $100 million each year in project funding directly from or channeled through over 500 international NGOs and foundations. Gifts in kind, such as hundreds of thousands of books and equipment, add substantially to that total. As of 2000, there were at least 700 grant making foundations, 70 advocacy groups, 200 humanitarian organizations and 150 faith based charitable groups, all foreign, operating in China.

Over the course of China’s history, international organizations have played a supporting role in the development of social organizations and civil society in China. After normalization of relations between the U.S. and China in 1979, American foundations with historical links to China returned to support Chinese institutions. These included the Rockefeller Foundation, China Medical Board and the Lingnan Foundation, the Luce Foundation, the Ford Foundation and The Asia Foundation. Faith based organizations also reestablished relationships, such as the United Board for Christian Higher Education in Asia, and other church based or denominational organizations, such as the Mennonites and Maryknoll Brothers.

The Asia Foundation began supporting nongovernmental entities over two decades ago, supporting the development of human resources, program and research activities and building capacity through grants. This included early grants to social organizations and NGOs such as Rural Women Knowing All, as well as recent efforts to encourage linkages between NGOs in China. The China NPO Network conducts a monthly NGO forum with Foundation support, which brings together officials, business and NGO leaders to discuss legislative issues, and to promote collaboration between organizations. Recently, the NPO Network has worked with other organizations, including foreign NGOs, on understanding standards for NGO
self-regulation. The Tsinghua University NPO Center is another organization that has recently received considerable attention for its research on regulatory issues facing NGOs. The Foundation has provided support for the first international conference on the non-profit sector and development at Tsinghua University in 1999, as well as their research on professional associations. The Foundation has, with other organizations, provided input on NGO law and registration issues based upon its active role in the Asia Pacific Philanthropy Consortium, a regional group which promotes Asian philanthropic giving and better understanding of legal and regulatory frameworks governing NGOs in Asia.

In addition to international nonprofit groups and foundations, multinational corporations have made major investments in China’s civil society organizations in the spirit of corporate social responsibility. These include companies such as Nike, Adidas, Reebok, Levi Strauss, Microsoft, The Ford Motor Company, General Motors, Microsoft, and the U.S. China Business Council, among others. Companies support a wide range of activities from health and education programs, to rule of law efforts, poverty alleviation projects and policy research.

Another role that Chinese NGOs can play relates to cross-strait relations. With common language, culture and single State systems, organizations in Taiwan and Mainland China have many similar concerns and have collaborated on activities. These include research activities on economic development, disaster relief, humanitarian aid, and exchange programs. The Asia Foundation in Taiwan has funded several delegations of academics, NGO leaders and legislative officials from Taiwan to China to discuss issues including NGO legislation, internal governance and fundraising strategies.

WHAT MORE CAN INTERNATIONAL ORGANIZATIONS AND DONORS DO?

International organizations can continue to play a significant role in strengthening civil society organizations, and building capacity in human resources, organization and program development. China’s economic growth and reform will likely accelerate in the coming years, leading to increased pressure on government resources, with more and more responsibility for social welfare devolved to lower levels of government. Chinese NGOs have taken advantage of the space available for independent action by providing needed services at local levels, filling gaps in education, health, eldercare, legal aid and education, and many other areas. Future support will continue to be necessary for Chinese NGOs to begin to develop the capacity to sustain their activities, conduct programs that meet the needs of the population that they serve and eventually, act as advocates for the causes they represent.

International organizations and donors can also continue to help try to improve the environment in which NGOs operate, opening up more space and providing more opportunities for expansion into different fields. This includes support for changes in the NGO law and the overall registration process, as well as support for research and networking with like-minded organizations both in and outside of China. For instance, university centers focused on civil society research and development have proliferated in recent years. All receive international support. These include Fudan University’s new Social Development and NGO Research Center (funded by the Himalayan Foundation in Taiwan), three NGO research institutions at Beijing University, the Research Center for Volunteerism and Welfare (funded by UNDP), The Non-Profit Law Research Centre (funded by the Ford Foundation and Oxfam) housed in the Law School, and the Center for Civil Society Studies, housed in the Institute of Political Development and Governance. Zhongshan University also has a new Center for the Study of NGOs, housed in the Zhongshan University Research Institute for Guangdong Development. It is a joint venture with the Chinese University of Hong Kong.

International support for the development of China’s nongovernmental sector is important to its future. In addition to a friendly regulatory environment under the law, other areas require support. The recent scandal related to Project Hope China has given donors pause. How do donors determine the credibility and financial accountability of Chinese nongovernmental organizations? Donors must be assured through due diligence that the organizations that they fund are genuine in their mission and delivery of services while at the same time, Chinese organizations will have to ensure that funds and programs are managed responsibly. In order for this to happen, international assistance can, and should, not only support strategic planning and program implementation, but also the operational aspects of nongovernmental organization management in China. Chinese NGOs need training to raise and account for their funds, commit to transparency in all aspects of operations, report to donors and comply with international standards. This increased and recog-
nized role of NGOs creates an opportunity for reform that will improve the environment for NGOs through clearer legal status, more transparency and accountability in their operations, and progress toward a more meaningful independent sector in China.

In the category of assistance to China’s NGOs, U.S. Government assistance has lagged behind other donors. The only American organizations with a resident presence and long track record in supporting civil society organizations have been the Ford Foundation and The Asia Foundation. There is a marked absence of American groups working on the ground to develop the capacity of local organizations. Official American assistance programs for civil society groups in China has been extremely limited. The European Union, the World Bank, UNDP, Canadian International Development Agency (CIDA) and Australia’s aid program (AusAid) provide levels of funding from half a million to several million dollars for civil society development in China. These donors, among others, have made a commitment to support and advance the growth of China’s civil society organizations, not only in the significant amount of funding they provide, but also in the attention they give to their programs, by setting up small grant funds to be given directly to NGOs (not through government agencies) and designating specific staff to focus on civil society developments. If the U.S. wants to support the positive trend of NGO development in China, funds should be provided to knowledgeable groups who can help build the capacity of Chinese organizations.