An Analysis of Unofficial Social Organizations in China: Their Emergence and Growth

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Currently there are many unofficially sanctioned social organizations in China that are not register with the Ministry of Civil Affairs or its local departments. They are allowed to openly conduct activities and play increasingly active roles in various areas. These “bottom-up” organizations are created by private individuals and, by operating autonomously create a public space independent of the government. A study of these unofficial social organizations can shed light on elements of the evolving civil society in China. This paper examines the existing patterns of unofficial social organizations, analyzes the reasons of their emergence and the bases of their survival and growth. The discussion includes comments on the challenges to their future development.

Key words: Social organization, NGO, Incorporation of social organization, Civil society

1. Introduction

One of the most inspiring phenomena in post-Mao China is the emergence and rapid growth of social organizations (shehui tuanti)1). According to the “Regulation on the Registration and Administration of Social Organizations” (hereafter, abbreviated to “the Regulation”) promulgated by the State Council on 25 October 1998, social organizations should register with the Ministry of Civil Affairs (MCA) or its local departments at county level or above, and then they are issued “Certificate of Social Organization Incorporation” after they pass the registration examination. Besides these officially registered social organizations, there exist plenty of unofficially sanctioned social organizations in current China, which don’t register with the MCA or its local departments, but they openly conduct activities in the name of social organization and play increasingly active roles in various areas. They are termed Unofficial Social Organizations (USOs) in this paper.

Most of the officially registered social organizations are linked closely to the government, although they are defined “non-governmental organizations” by the Regulation. Established by the government directly or indirectly, most of the officially registered social organizations operate partly on the governmental resources, partly on the private resources. The starting funds, office facilities, and even some staff’s salaries are provided by the government totally or partly. They cannot be seen as an institutional embodiment of civil society, while a certain impetus “from below” to varying degrees can be seen (White et al. 1996: 128). Most of the officially registered social organizations are characterized as semi-governmental and semi-popular (banguan bamin, 半官半民) organizations (Sun 1994).

On the contrary, the relationship between USOs and the government is very loose. Formed by private individuals to meet the needs of society, not of the government, and operating mainly on the private resources, USOs fully embody the principles of voluntary participation and self-regulation, autonomy and separation from the state. They are most analogous to Western-style NGOs among China’s social organizations, generally consistent with the five criteria2 of NGOs (NPOs) defined by the John Hopkins Comparative Non-Profit Sector Project (Salamon and Anheier 1997). They can represent the genuine civic participation and mirror the reality of civil society in China.

Many researchers have studied China’s social organizations from different angles. For example, Davis et al. (1995), White et al. (1996), Pei (1998), and Kang (1999) provided a

1 There are several literal translations of the Chinese term “shehui tuanti” (社会团体), “NPO/NGO”, “civic association”, and “social organization”. This paper uses “social organization”, the widely accepted term.

2 The five criteria are “organized, private, non-profit-distributing, self-governing, and voluntary”. It needs to be noted here that, “organized” means “institutionalized to some extent”. “What is important is not that the organization be registered or legally recognized, but that it have some institutional reality” (Salamon and Anheier 1997).
comprehensive analysis of social organizations to explore the changing relationship between the state and society in China. Wang et al. (1993) examined social organizations’ role as intermediate level organizations under the background of the change of China’s social structure, while Chen and Qiu (1999) emphasized social organizations’ role in the future political and economic development. Howell (1996, 2000) explored the functional changes of social organizations, while Shen and Sun (2000) analyzed the organizational changes of social organizations by the theory of institutional isomorphism.

However, these studies mainly focused on officially registered social organizations. Few works studied USOs as a single research object, though some mentioned the importance of such a research (Pei 1998). This paper attempts to fill this gap, and provide a basic analysis of USOs.

USOs in the area of environment, women, and poverty-alleviation will be studied, while religious worship organizations, political and traditional groups, and secret societies are excluded in this paper. Mainly based on investigations of twelve USOs, interviews of more than thirty leaders and key members of USOs and related government officials, as well as the documents of both government and USOs, the paper qualitatively analyzes China’s USOs in order to explore the following questions.

What kind of patterns do USOs usually exist in?
Why do they emerge and exist in the status of USOs?
How and where do they get resources to survive and grow?
What challenges them in their further development?

These questions are not only fundamental to USOs, but also important to all the civil society organizations in China. Through answering these questions, the basic information of USOs in China, as well as a glimpse of the environment and the extent of civil society in China can be observed.

2. Existing Patterns of Unofficial Social Organizations

USOs usually exist in four kinds of patterns, that is, branch organizations, internal groups, commercial status NPOs, and informal organizations.

2.1. Branch Organizations

According to the Regulation, officially registered social organizations can establish branch organizations to further implement their missions and strategies. They are usually identified as a professional committee, working committee, or branch of the parent organization. One may conclude which official social organization a branch organization is affiliated with just by its name. Branch organizations are not independent legal entities, and their parent social organizations bear the civil liability for them, though they are required to register with the MCA or its local departments.

Many officially registered social organizations in China have one or more branches, but only some are USOs this paper defines. They are just branch organizations in name, but independent social organizations in reality. They have independent organizational structures and charters, and operate autonomously. They recruit members unrelated to their parent units, and collect membership fees as their own income. And some branch organizations even work in different areas from their parent units. All these above violate the Regulation in some degree.

“Friends of Nature” (FON) is just such a branch organization. As a branch of the Academy of Chinese Culture (ACC), FON registered in the formal name of Green Branch of the Academy of Chinese Culture. However, FON aims at environmental protection, while its parent unit is an academic institution of Chinese traditional culture. FON operates independently of ACC, and is extensively recognized as an Environmental NGO, not an affiliated branch organization.

2.2. Internal Groups

Internal groups of the governmental departments (ji guan), mass organizations (tuanti), state-owned enterprises and non-profit organizations (qishiye danwei) are formed after being ratified by their parent units to meet the needs of the units. Their members mainly come from their parent units.

Similar to branch organizations, internal groups are not independent organizations but components of their parent units defined by the law. They are required to limit their activities in the interior of the units according to the Regulation. Internal groups should also be named by prefixing their mother organizations. Different from branch organizations, internal groups are not required to register with the MCA or its local departments.

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3 Refer to (Shehui tuanti, minban feiqiye danwei dengji guanli zhinan bianxiecju 1999: 36).
4 Refer to (Guowuyuan fazhiban zhengfasi, minzhengbu minjianzuzhi guanliju 1999: 47), branches of social organizations are not permitted to draft charters, recruit members and collect membership fees independently.
2.4. Informal Organizations

Many internal groups have disobeyed the Regulation, providing services for people outside of their units, rather than for unit members. The Center for Legal Assistance to Pollution Victims (CLAPV), formed mainly by a professor on the approval of Chinese University of Political Science and Law, is an internal group of this university. However, it provides legal assistance to all pollution victims in China, and its financial support comes from NPOs or individuals both inside and outside of China. In fact, it is a self-governed civil society organization, not an affiliated organization of the university. China’s Economic Research Center, and the Center for Women’s Law Studies and Legal Services (CWLSLS), both operating under Peking University can serve as such examples.

2.3. NPOs with Commercial Registration

Many USOs choose to register as a commercial organization. They are usually entitled “Center” or “Research Institute”, and own the legal entity of enterprises. For example, “Global Village of Beijing” (GVB), the well-known NGO in the field of environmental protection, is registered at the Hai Dian District Bureau of Industry and Commerce of Beijing in the name of “Center of Global Village Environmental Culture of Beijing”. Maple Women Psychological Counseling Center of Beijing (MWPCCB), a women’s NGO providing “hotline” counseling service, is also registered as a commercial organization. Other examples are Research Institute of Environment and Development of Beijing, the Center for Zhinong Ecological Research of Beijing, WWF China Program Office, etc.

According to a related survey (Jin and Zhang 2001), there are 28 NPOs registered in the National Agency of Industry and Commerce, more than 700 registered in Beijing Municipal Bureau of Industry and Commerce, and even 5,080 registered in the Hai Dian District Bureau of Industry and Commerce of Beijing. This latter figure represents 12% of all the registered industry and commercial organizations at the district level.

2.4. Informal Organizations

Informal organizations refer to those popular bodies or groups unregistered in any governmental departments. While technically illegal, they are not regarded as illegal organizations. Many of them and their activities are reported both positively and extensively by the government-directed mass media. They have organizational rules, leaders and even fixed offices, and operate regularly, though they are usually institutionalized loosely.

Large quantities of informal organizations are active in Chinese day-to-day life, which generally act in the name of “Salon”, “Forum”, “Club”, “Voluntary Organizations”, etc. In the area of environment protection, there are also many informal organizations such as Green Earth Volunteers (GEV), Green Forum of College Students (GFCS), and College Student Green Camp (CSGC) (Zhao 1999).

3. Reasons for Emergence of Unofficial Social Organizations

3.1. Social Needs and State Control

While enjoying a rapid economic growth, China faces many social challenges. For example, environmental pollution, increasing unemployment and social dislocation, “social safety net”, and other problems are increasingly obvious in post-Mao China. Both the government and the public have realized that it is impossible to solve all these problems only relying on the limited state capacity. This creates needs to expand the non-state organization sector to meet these challenges on the behalf of society. At the same time, the reform also created resources and space independent of the government system, providing a social soil for non-state organizations to grow. In a word, more than 20 years’ reform created possibilities and chances for the emergence and growth of social organizations.

However, in order to ensure its power, the state would not like to remove its control over society, instead the state further strengthened its control, especially after the Tian An Men incident in 1989. Thus, a “plan system” in the social field was established by the government, whereas in the economic field, the market system is gradually substituting for the plan system (Kang 2000). The “plan system” is Regulation on the Registration and Administration of Social Organizations. It provides the state a legal tool to intervene in social entities, and enables the state to decide whether a social organization should be allowed to exist and what activities it would be allowed to pursue.

USOs appeared in such a social background. They are formed to meet the social needs on one hand, yet on the other hand they have no official recognition because of the rigid and restricted Regulation.

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1 Interview, 12 Dec. 2000.
3.2. Dual-Administration System

The Dual-Administration System (shuangchong guanli tizhi, 双重管理体制) can be explained simply as “social organizations are managed by two governmental agencies”, or two “mothers-in-law” in Chinese. The two mothers-in-law are registration agency and professional supervisory agency.

This system was firstly established by the Regulation in 1989, and then was further strengthened in 1998. Before applying for registration in MCA or its local departments, a social organization candidate must be examined and approved by its professional supervisory agency (Article 3 of the Regulation 1998). And departments related to the government at county level or above, or organs authorized by the State Council or local government at county level or above, are the only organizations qualified to be professional supervisory agencies (Article 6 of the Regulation 1998).

In addition, the Regulation does not stipulate that it is the obligation of eligible governmental department to be supervisory agency. In other words, the governmental department has the veto power towards being supervisory agency or not. Because being supervisory will bring them heavy political and financial responsibility6, few governmental departments are willing to incorporate groups organized by private individuals.

The rigid Dual-Administration system is the direct factor forcing many popular organizations to emerge in the way of USOs, because they are not able to reach the state organs. The author once interviewed a founder of a commercially registered NPO. When talking about the commercial legal status, the founder said,

— For us ordinary individuals, it is impossible to reach a governmental department who agrees to be our professional supervisory agency. — And without legal status, we suffer great inconvenience in conducting activities. We have to seek other approaches, — in addition, commercial registration is quicker and easier7.

FON initially sought the National Environmental Protection Agency for its professional supervisory agency. After it was turned down, it approached the Academy of Chinese Culture for permission to establish a “green culture” branch, where the sponsor of FON, Liang Congjie, is both a professor and vice president (Knup 1997).

And one rejection by a state organ makes it very difficult to seek approval from another. For example, the Chinese Union of Economic Societies cannot get approval from others after it was rejected by the Chinese Academy of Social Science, and as a result, the “Union” carried on its activities on an informal basis (Saich 2000).

3.3. Other Constraints of the Regulation

Besides the Dual-Administration system, some other constraints remain, such as the requirements for a legally defined representative (faren daibiao, 法人代表), full-time staff, minimum membership number (at least 50 members), and minimum fund account level (at least 100,000 RMB). According to the Regulation (1998), a legally defined representative must be a full-time staff, which lays a hard barrier on those founders who own full-time jobs inside the governmental system. In present China, if a person quits his (her) working unit (danwei, 单位) to work at an USO full time, he (she) would have to give up the housing and all other benefits. This makes it very difficult for people to work at informal groups full time.

A founder and leader of an active informal group with more than four years history once said,

We can’t provide the full-time staff. We founders all work in the government departments, — living in the house the working units provide and enjoy other welfare benefits. Moreover, we all love our own jobs. I think, none of us would like to stop our current jobs to work here as a full time staff. — But if we employ someone else working here as the full-time staff to apply for registration, we are perplexed in dealing with the problem of legal representative, founder, and leader. — We have no other ways except operating in such an informal form8.

6 Article 28 of the Regulation stipulates that the professional supervisory agency is expected to bear the following obligations:
It is responsible for examining the social organization’s preliminary application, establishment, modification or cancellation of registration.
It is responsible for supervising and guiding the social organization in accordance with the Constitution, laws, statutory regulations, national policy, and in developing activities in accordance with its charter.
It is responsible for conducting a preliminary stage of the annual review.
It is responsible for helping the registration and administration agencies and other relevant departments to investigate and deal with illegal activities of social organizations.

7 Interview, 9 Dec. 2000.
In fact, this is not simply a problem related to the Regulation, but more a problem connected with China’s socio-economic system. Without a suitable social-economic situation, Chinese civil society organizations cannot grow quickly.

3.4. Seeking Autonomy

As we discussed above, if a social organization is officially registered with the MCA or its local department, it should be managed by two “mothers-in-law”. This means this social organization will have to lose its independence more or less. As a result, some civil society organizations would prefer to exist in the pattern of USOs in order to keep autonomy.

These organizations usually choose commercial registration. Business operation requires a minimal management structure with a high degree of autonomy, though it needs to pay tax like a commercial organization. Ms. Liao, the founder and leader of GVB, once expressed such an opinion when she answered the question about GVB’s commercial registration during her speech in Tokyo.

“If we can get autonomy at the expense of losing something else due to commercial legal status, such as paying tax, why not do that?”

Flower and Leonard (1996) also provided such a case. In order to operate more efficiently outside of the government networks, an international NGO working in a rural area of Sichuan province pursued to become an international joint venture for getting a corporation license.

4. Existence and Growth of Unofficial Social Organizations

China’s USOs can survive, grow, and even make their voices be heard, while not complying with the Regulation in some degree. What are the secrets?

4.1. Prerequisite: Government’s Tolerance and Acquiescence

According to a senior official of the MCA, the government’s policy towards USOs can be described as “Three Nots”, namely “not interfering, not concerning, and not banning”, if an USO is not considered a threat to the government. Why?

First, USOs never challenge the state authority in current Chinese context. They are usually self-identified issue-oriented groups, not interests groups or pressure groups, and most of them seldom address potentially contentious and sensitive issues. The leader of FON, Mr. Liang, also presented such an opinion many times,

Different from western-style NGOs, we China’s NGOs never oppose the state. Instead, we hope to cooperate with the state as much as possible.

Second, with China’s reform, the government is losing its monopoly on social resources and mobilization, and unable to meet the day-by-day diversified needs of the whole society. In such a situation, USOs may provide an alternative, or in some cases a supplement to goods and services provided by the government. In some areas they can solve problems that the government needs to solve but feels weak or inconvenient to deal with. In a sense, USOs meet what the government wants in the manner the government expects.

Additionally, the high cost of suppressing numerous USOs is another factor influencing the government to shape the “Three Nots” policy. Therefore, the government tends to “keep one eye open, and another closed” to USOs if they are not regarded dangerous to the social stability.

4.2. Existing Bases: International Support and Domestic Civic Support

Although the government’s tolerance and acquiescence bring USOs the opportunity to survive, they cannot ensure their survival and further growth without enough resources. It is almost impossible for USOs in current China to take use of resources of the government system because of their special legal status and loose relationship with the government. However, the access to oversea resources and domestic civic resources is available and practicable.

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9 In fact, some researchers found that some commercially registered NPOs do not pay tax like commercial organizations. For example, Liu (2000: 168) found that MWPCCB did not pay any tax. Jin and Zhang (2001) found that GVB paid only a little tax. Among the commercially registered NPOs the author investigated, two acknowledged that they paid less tax, while others would not like to answer questions concerning taxation.
4.2.1. International Support

International support plays a significant role in the development of China’s USOs. One hand, USOs usually take full use of their private relationships and informal networks to approach the international organizations for support. On the other hand, the international organizations are more willing to support these autonomous organizations rather than the quasi-governmental and semi-governmental social organizations.

The paper finds that bottom-up initiated USOs in China mainly depend on overseas aid. For example, the international funds took 85 percent of all the financial aid GVB obtained till the end of 1999. The CWLSLS was funded 270,000 USD from 1995 to 1999 by the Ford Foundation, almost all of its revenue. Till 1999, the main program of MWPCBB, *hotline for women*, was totally financed by the Ford Foundation and the Global Women Foundation of America. The office facilities and staff salary of both GEV and GFCS are provided by international organizations.

Besides financial aid, there are other kinds of international support, such as providing information and technical support, and capacity building training. *Save Our Future*, an Environmental NGO of Germany, invited and subsidized the delegation of FON to visit Germany in four consecutive years since 1997 (FON 1999, Yang 2000). Granted by the international society, many leaders, and staffs of USOs went abroad to observe and learn from their oversea counterparts. For example, Green Earth Volunteers, Maple Women Psychological Counseling Center of Beijing, the Center of Zhinong Ecological Research of Beijing, and Green Forum of College Students all received such support.

4.2.2. Domestic Popular Support

Currently, some domestic financial support is becoming available, though very limited. For example, GVB’s both former and current offices are offered freely. Both GVB and GEV received some program aids or donations from domestic enterprises. For many USOs, the starting funds are private savings, and the individual’s house is often the business office at the early development stage.

Being volunteers is a common way of domestic support. Except a few branch organizations, most of USOs are not membership organizations, and they depend deeply on volunteers for operation. For example, totally 4000 persons all over China once worked voluntarily for GVB, though it is commercially registered. The main program of MWPCBB, *hotline for women*, utterly relies on volunteers. The 109 consultants of this “hotline” are all volunteers, including teachers, doctors, social workers, psychologists and etc. Until April 2000, GEV did not own a fixed office or temporary full-time staff, and all its activities and routine duties relied on volunteers. The CLAPV also depends on volunteers principally, who mainly come from the law schools of universities in Beijing.

4.3. Special Support: Mass Media

The Chinese mass media, known to represent official positions but gradually creating their niches of free expression, have been an important social marketing and public awareness tool for social organizations. Media coverage can strengthen the public recognition of USOs by public acclaim and helps to shape public opinion on the issues addressed by USOs.

And more important, extensive mass media coverage can help USOs to improve their legitimacy, because China’s mass media are started by the government agencies and primarily act as government spokespeople. Their voice can be labeled as government opinion to a great extent.

Many USOs keep good relationships with the mass media. Some of them enlist journalists as their core members, some work on TV program or broadcasting program, and some are sponsored by the journalists. The close ties to the mass media benefit USOs greatly. One leader of GEV, and also a senior journalist of Beijing Broadcasting Company, once told the author,

“Many of the participants or volunteers of our activities are journalists, or work in the mass media field. Thus, our activities can be publicized quickly.”

Liang (2000) also wrote the similar opinion,

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13 The data are from Wang (2000), Sun (2001), and the author’s interviews in winter 2000.
14 The data are from the author’s interviews in Dec. 2000 and Webpages of the USOs.
15 GVB got 5,488 USD from an environmental protection industry in Beijing for its TV program, and 100,000 RMB from a real estate corporation in Beijing for its Earth Day 2000 program (GVB internal materials). A beverage corporation in Beijing once donated GEV several boxes of soft drinks for its activity of tree planting in the desert of Inner Mongolia (interview, 20 Dec. 2000).
16 For example, the founders of MWPCBB pooled some of their private savings together for the starting funds. The house of Wang Yongchen, one of the GEV’s founders, served as the informal office for more than three years. (Interview in 1998, and interview in 2000.)
17 http://www.gvbchina.org/Chinese/intro.htm
We are cooperating with many friends from the mass media, who are our faithful allies. Without their help, FON can’t publicize its advocacies and activities so quickly and extensively, as well as influence the society so greatly.

5. Challenges to Future Development

As we discussed above, USOs can survive and grow even if they lack officially recognized legal status, but life is still far from easy for them. They are facing several challenges against their future development.

5.1. Challenge of Legal Status

Living on the margin of the law makes USOs moving as though treading on thin ice. USOs must walk warily in a vague and uncertain political climate that keeps a careful eye on potential threats to social stability. Avoiding the potential shutdown, USOs usually restrict the scope of their activities, limit the number of the participants, and control the influence to the degree the government can endure. This slows down their growth to a great extent.

The new Regulation (1998) aggravates this plight. Article 35 stipulates,

“If a social organization engages in preliminary activities without approval, or if it carries out activities in the name of a social organization without being registered, or if a social organization whose registration has been cancelled continues to carry out activities in the name of social organization, then the registration and management agency will close the organization down and confiscate its legal assets.”

However, it is impossible for USOs, even those USOs whose activities are highly appraised by the government\(^20\), to change their legal status due to the rigid Dual-Administrative system and their loose ties to the government.

5.2. Challenge of Organizational Capacity

5.2.1. Lacking institutional framework

USOs are often products of single individuals, a phenomenon that can be observed with first generation NGOs around the world. And typically, their boards consist of the founder and his/her friends or colleagues. Establishing clear administration structures is sometimes seen as cumbersome and bureaucratic (Raab 1996).

Although many USOs have made great progress both in the organizational scale and social influence since they were formed, what they principally rely on for progress is not the institutional framework, but the leader’s personal ability, the enthusiasm and devotion of members, and the social relationship and networks of both the leaders and members or volunteers. The organizational momentum mainly comes from the personal authority of the founder/leader.

Institutional framework building is not only a problem of one USO, but more a problem of the whole civil society organization sector. It is related with the whole country’s legal framework, political climate, and socio-economic situation. In China, institutional framework building is a long-term task of USOs, and some have started the first step\(^21\).

5.2.2. Lacking full-time staffs and professional staffs

It is also difficult to adequately staff fledging USOs since employment is expected to carry with welfare benefits such as housing, health care, and pensions, something impossible for those organizations to provide. And China’s tradition and culture are also factors unfavorable to USOs attracting full-time staff. Many Chinese regard it lower social status to work with unofficial social organizations\(^22\).

Many of USOs don’t employ any permanent staff and depend to a great extent on volunteers. The founder is naturally the leader, who is in charge of everything in the organization. Lacking staff impedes them to sustain large and long-term programs. According to one leader of FON,

“Only the president, Mr. Liang, stays at the FON office everyday, working as an overburdened horse. We other

\(^{20}\) A head of a government department, which is eligible to be a supervisory agency, was interviewed. He significantly praised what a commercially registered NPO did for improving the environmental awareness of the public and garbage recycling. He even said, “what this organization did exceeded what we government did to some extent”. However, when being asked whether he would agree to be a supervisory agency for this organization, he immediately gave the definite answer, “No!”. This was due to the heavy responsibility and the corresponding high risk (Interview, 10 Dec. 2000).

\(^{21}\) On 6 November 1999, FON held a meeting of the enlarged board of directors, and the first formal working report and financial report were presented since FON was founded 5 years ago. This can be seen as a landmark of formal institutionalization of FON. Another USO, founded in 1993 as a commercial entity, held its first formal election in 2000. The previous president and also the main founder lost his position in the election, but this USO still runs well now. Interview, 19 Dec. 2000.

\(^{22}\) An investigation in 1999 showed that, few young Chinese are willing to work in the social organizations, let alone USOs (Zhongguo qingnian yanjiuhui 1999).
directors usually go there (FON office) once or twice per month. We all have our own full-time jobs in the governmental working units, and can’t leave much time and energy to FON. — FON doesn’t have enough money — It is unable to employ enough full-time staffs. Few staffs make it impossible for us to experience some bigger and long-term programs, even if we have some good ideas23.

China’s USOs are created mainly by intellectuals not professionals, and their operations largely depend on volunteers who are not trained professionally. Lacking professional staff hinders their development too. A leader of GEV gave an example,

Among our activities, the one with best social effect is “Watching Birds”. — It is guided by an ornithologist. This ornithologist can train these participants and improve their professional abilities — This activity wins a sustainable development capacity. However, other programs waned after several times of activities, because of lacking professionals24.

5.3. Challenge of Funds

Most of USOs highly depend on temporary donations or special program aids. Raising fund is a main task of USOs, which costs them much energy and time, and lays on them a hard burden. In order to raise money for her organization, the founder of MWPCCC once used her private savings, 10,000 RMB, as capital, and rented a booth at a market to sell clothes with her husband. However, the old couple did not have any experience as sellers, and only took back about 8,000 RMB after a week of hard work25.

Even FON, which is considered to enjoy a relatively easy access to fundraising sources, also worries about funds. A staff of FON told the author,

FON doesn’t need worry about its funds so anxiously this year (2001) because President Liang donated USD 50000, the Ramon Magsaysay Award he won in 2000. But next year, we don’t know where to get the money26.

The domestic funds are still very limited now. China is still developing, and lacks a history and culture of donation. In such a situation, coupled with a very limited range of tax exemptions, few corporate donors will consider giving to obscure USOs without obvious government ties, if it is not beneficial to their further profits. In addition, different from those officially registered social organizations, which can benefit from more or less systematic government support, USOs cannot access any governmental resources.

Therefore, USOs are largely depending on international funds, as discussed above. However, this narrow fundraising channel makes them unstable and vulnerable. The leader of MWPCCC of Beijing once said,

Our operational funds are typically from the overseas aids, few from domestic support. Once the overseas aids stop, we will die (Zhang 2001).

And receiving financial aid from foreign organizations may bring USOs potential political troubles, which aggravates their difficulty of survival.

Though USOs can survive at very low financial subsistence due to their cost-effective and flexible working styles, lacking adequate funds makes them fail to attract staff, to keep the stability of organizational structure, and to conduct long-term program. In the short term, shortage of funds may be the most serious factor that restricts the development of USOs.

6. Conclusion and Discussion

The state-society relationship in China has changed greatly since the reform. One salient change is that the state began to adopt a regular system to control the society instead of the arbitrary style in the past (Sun 1992). The Regulation on social organizations started in 1989 reflects such a change. The Regulation also reveals the state still wants to control and penetrate the society. By the Regulation, the state can limit the number of the social organizations, guide their activities, or even influence their missions and strategies.

The Dual-Administration system raised the threshold for civil society organizations to be incorporated legally. Only those semi-governmental and semi-popular organizations, or few powerful private individuals get approval of the state organs to be supervisory agencies. Most private individual-organized civil society organizations cannot reach the high threshold, and have to stay outside of the Regulation. Simultaneously, the ambiguous government policy towards USOs
make it possible for them to exist and function, which forms an “unofficial” autonomous public space parallel to the state-led “semi-autonomous” space in which officially sanctioned social organizations live. As long as they address problems deemed valid by the state, and in a manner deemed appropriate by the state, the public space will continue to exist and perhaps even be extended.

However, the space of USOs is still narrow and carries high risks. The legal and socioeconomic structures that support permanent, stable development of civil society organizations are not in place. USOs are facing many challenges against their future development, such as lack of legal legitimacy, funds, and professional staffs.

Although USOs are structurally flawed, fragile, and still vulnerable to state power, the social progress they brought cannot be ignored. They are changing, though in incremental ways, the manner in which average citizens interact with each other and especially with the state. “A realm of organized social life that is voluntary, self-generating, largely self-supporting, and autonomous from the state”

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27It is a recent definition characterizing civil society by Diamond (1994: 5).
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