Partners of Authoritarians:

The Politics of Community NGOs in China

A DPhil Dissertation

Presented to the Department of Politics and International Relations,

The University of Oxford

Samson Yuen

St. Antony's College

Dissertation supervisor: Dr. Patricia M. Thornton

October 2016

Partners of Authoritarians: The Politics of Community NGOs in China
Samson Yuen

Abstract

Contemporary authoritarian regimes do not rule by coercive force alone. To compensate for their democratic deficit and to strengthen their governance capacity, incumbents often tolerate, co-opt or collaborate with civil society actors that offer public goods and services to citizens, forging with them what is known as "authoritarian bargains".

In China, the ruling Chinese Communist Party has adopted similar practices: while allowing the emergence of a nascent NGO sector along with the market reforms, it maintains a cautious attitude towards NGOs and constantly prevents them from challenging state power. However, in recent years, the Party-state has gained greater confidence and made further advances into civil society. Under the call for social governance, it has encouraged local states to forge formal collaborations with NGOs through procurement, which in turn provide social services in grassroots community. Why do state-NGO collaborations occur, and how do we conceive this emerging collaborative space that involves the state and a multitude of community-based NGOs? How do local states strategize their interaction with NGO partners by balancing control and empowerment in order to promote state interests? What are the impacts of different strategies on the governance capacity of the local states?

This thesis seeks to answer these questions by comparing two Guangdong localities – Guangzhou and Nanhai – in terms of their collaboration with NGOs. By focusing on how and why they implement the social governance reforms differently, I argue that while NGO collaborations have generally increased social service provision, the degree of their impact on governance capacity, measured not only in terms of service coverage but also of service diversity and policy leverage, depends largely on the collaborative strategies employed by the local states. Such strategies, as I show, are determined both by the political configuration of the local states and by their strategic choices. For the NGO partners, while most of them behave as compliant service providers in order to survive in the procurement market, some progressive ones have defied the pressure to pursue what I call "service activism", using state linkages and service provision as strategies to engage in rights or policy advocacy.

On the whole, these local state-NGO collaborations mark an array of decentralized efforts guided by the Party-state to create a state-sponsored service NGO sector, which aims at not only addressing social needs but also supplanting or even crowding out the grassroots civil society. Although these collaborations, at this stage, may be too limited in scale and effectiveness in order to create substantive impact for the regime, their forms – the disparate collaborative mechanisms forged between local states and NGOs – are likely to increase the adaptive capacity of China's authoritarian system. In sum, a Western-style democratic transition propelled by an autonomous civil society will be unlikely; and political changes towards a more democratic China, if any, will only be slow, protracted and occasionally regressive.

Contact details
Tel: +852 9634-3402
Email: samson.yuen@politics.ox.ac.uk / samsonwh.yuen@gmail.com

Contents

Abstract 2

Contents 3

Chapter 1 Introduction 5
1.1 The rise of community-based NGOs 11
1.2 Civil society under authoritarianism 15
1.3 The search for civil society in China 21
1.3.1 Civil society under authoritarian China 28
1.3.2 Local civil societies 33
1.3.3 The role of local states 41
1.4 Local state variation and governance capacity 45
1.5 Research questions and hypotheses 49
1.6 Outline of the study 51

Chapter 2 Research Design and Methodology 53
2.1 Research Design 53
2.2 Methodology and data 59
2.2.1 Case selection 63
2.2.2 Data collection 67
2.3 Limitations of this study 70

Chapter 3 Social Governance and Community-based NGOs 76
3.1 The origins of social management 78
3.2 Social governance: a contested concept 83
3.3 NGOs with a community focus 90
3.4 Small state, big society? 100
3.5 Conclusion 103

Chapter 4 The Rise of Market-based Corporatism: NGO Procurement in Guangzhou 105
4.1 The rise of community-based NGOs in Guangzhou neighbourhoods 106
4.2 The limit of local corporatist frameworks 110
4.3 Administrative modernization 113
4.4 Local market corporatism 117
4.4.1 Managed competition 118
4.4.2 Agenda setting 120
4.4.3 Evaluation oversight 123
4.5 Community service centres in practice 124
4.5.1 Reliance on street governments 125
4.5.2 Tacit sanctioning power of the street governments 129
4.6 Challenges for community governance 134
4.7 Conclusion 137

Chapter 5 Diversified Collaboration: The Dynamics of State-NGO Collaborations in Nanhai 140
5.1 The case of Nanhai District 141
5.2 Diversified provision of NGO services 144
5.3 Decentralized decision-making 149
5.4 Separation between political and economic affairs 156
5.5 State-making through third-party service provision 162
5.6 Collective and individual incentives 167

5.6.1 Recentralization through institutional creation 168
5.6.2 Competition between streets/township governments 171
5.7 Conclusion **174**

Chapter 6 Varieties of Local State Corporatism **175**
6.1 The role of local state **176**
6.2 Local state variations **179**
6.3 Regulatory state: Guangzhou **182**
6.4 Clientelist state: Nanhai's Dali Township **187**
6.5 Bottom-up developmental state: Nanhai's Guicheng Street **191**
6.5.1 Supervision Commission 192
6.5.2 Social Work Centre 195
6.5.3 Philanthropy Innovation Centre 198
6.5.4 The role of intermediaries 200
6.6 Top-down developmental state **202**
6.7 Impact on the local state's governance capacity **204**
6.8 Conclusion **209**

Chapter 7 Resource Dependence and NGO Strategies **210**
7.1 Evolving control over Chinese NGOs **212**
7.2 An organizational approach **214**
7.3 NGO resource-oriented strategies **217**
7.3.1 Emphasizing service provision 218
7.3.2 Becoming red and expert 222
7.3.3 Building guanxi 226
7.4 Conclusion **230**

Chapter 8 Negotiating Service Activism: The Impact of NGOs' Institutional Embeddedness **231**
8.1 State-NGO relations in China: from interdependence to collaboration **233**
8.2 Institutional embeddedness **236**
8.3 Advocacy-oriented service NGOs **242**
8.3.1 Case 1: Co-Innovation 243
8.3.2 Case 2: Qichuang Social Service 247
8.3.3 Case 3: Nanfeiyan Social Work 254
8.4 Conclusion **260**

Chapter 9 Conclusion **264**
9.1 The case of China **266**
9.3 Chapter summary **268**
9.4 Adaptive governance **271**
9.5 Institutional adaptation in authoritarian regimes **277**
9.6 Tightening grip on civil society **284**
9.6.1 Building a service-oriented civil society 287
9.6.2 Foreign NGO law 289
9.6.3 Party-led civil society 291
9.7 Concluding remarks **293**

Chapter 1 Introduction

Contemporary authoritarian regimes seldom rule by repressive force alone. To compensate for their democratic deficit and strengthen their governance capacity, incumbents often strike "authoritarian bargains" with non-state, or civil society, actors – allowing them to participate in social affairs so long as they provide a range of public goods and services to citizens, while remaining politically loyal or posing insignificant threat to the regime. Such practice of co-opting, tolerating or collaborating with civil society has been common among authoritarian rulers to increase their chance of survival. Examples are plenty: in Egypt, despite the aversion against Islamic groups, the Mubarak-led military regime allowed the Islamist Muslim Brotherhood to provide basic public services, such as hospitals and schools, in order to fill the welfare gap[1]; in Pakistan, the Musharraf regime absorbed civil society actors into the government in the hope of gaining international legitimacy[2]; in Russia, the Putin administration created the Public Chamber as a consultative body to incorporate NGOs into the state system, while collaborating with pro-regime civic groups to drum up support for the government.[3]

However, forging authoritarian bargains with civil society actors generate several problems. First, given their relative autonomy from the state and extensive linkages with the citizenry, civil society actors have the potential to challenge authoritarian rule. Hence, for authoritarian incumbents, it is important to exercise political control on these civil society actors in order

[1] Steven Brooke, "The Muslim Brotherhood's Social Outreach after the Egyptian Coup," *Brookings Institution Working Paper*, August 2015, https://www.brookings.edu/wp-content/uploads/2016/07/Egypt_Brooke-FINALE-2.pdf, accessed September 1, 2016.
[2] Aqil Shah, "Pakistan: Civil Society in the Service of an Authoritarian State," in *Civil Society and Political Change in Asia: Expanding and Contracting Democratic Space*, ed. Muthiah Alagappa (Stanford, CA: Stanford University Press, 2004), 357-388.
[3] Graeme Robertson, *The Politics of Protest in Hybrid Regimes* (Cambridge, UK: Cambridge University Press, 2011), 190-199.

to protect their monopoly of power. Second, despite the need for on-going control over non-state actors, authoritarian incumbents cannot simply turn them into appendages of the state or make them appear as such. Otherwise, it could limit their associative potential and restrain their capacity to make policy contributions as social agents. For incumbents, managing civil society actors is not only a matter of political control, but also a skilful task to make sure that control is sufficient but not too tight as to strangle innovations. Third, authoritarian regimes are often not monolithic and cohesive entities, but rather fragmented structures with myriad and sometimes conflicting components. Given the political risks posed by non-state actors, it is often difficult to diffuse incentives among their different components to motivate committed social collaboration.

How does an authoritarian regime engage with civil society to prolong its rule? How can they maintain political control on civil society actors while empowering these actors to promote state interests? This thesis sets off to answer these questions by focusing on the case of China under the rule of the Chinese Communist Party (CCP). As one of the longest surviving authoritarian regimes in the contemporary era, the CCP no doubt relies heavily on repression to protect its monopoly of power. But besides repression, an important strategy for the Party-state to strike authoritarian bargains with citizens is to permit the emergence of a civil society sector that supplements or replaces state functions, satisfies citizens' rising needs, and improves governance capacity. As the Party-state gradually withdrew from many of its social and economic responsibilities since the late 1970s, it has created space for the rise of non-governmental organizations (NGOs) by transferring an array of economic and welfare functions that were previously performed by the state under the command system. In the economy, the Party-state has reduced its dominant role by devolving power to intermediary organizations, such as industry associations and chambers of commerce, to perform sectorial

coordination and regulatory functions.[4] In welfare, it has repositioned existing government-organized NGOs (GONGOs) and created new ones to address social needs on behalf of the state, while permitting other NGOs to serve disadvantaged groups, especially in education, poverty alleviation and disaster relief.[5] To address the needs of the underprivileged, it has also tolerated the existence of unregistered or grassroots NGOs that are "organized around marginalized interests"[6], such as HIV/AIDS, anti-discrimination and labour rights. In policy-making, it has offered more space for NGOs to participate in the issue areas which was previously restricted to governmental agencies.[7] An "associational revolution" is therefore said to have unfolded since the 1990s, creating an embryonic civil society. Although China's NGO sector is nowhere close to a fully-fledged civil society or one that facilitates democratic transition, NGOs are becoming important instruments through which Chinese people participate in public affairs and promote their wellbeing.

Meanwhile, the Party-state has kept a cautious eye on the NGO sector and actively suppresses activists and groups whenever they seem to threaten state authority. After the brutal crackdown of the 1989 Tiananmen Movement, the nascent civil society that had flourished in the 1980s was swiftly quelled. The dual management system, which required NGOs to be both supervised by a professional sponsoring agency and registered with Civil

[4] Christopher E. Nevitt, "Private Business Associations in China: Evidence of Civil Society or Local State Power?" *The China Journal* 36 (1996): 25-43; Jonathan Unger, "Bridges: Private Business, the Chinese Government and the Rise of New Associations," *The China Quarterly* 147 (1996): 795-819; Kenneth W. Foster, "Embedded within State Agencies: Business Associations in Yantai," *The China Journal* 47 (2002): 41-65.
[5] Ma Qiusha, "The Governance of NGOs in China since 1978: How Much Autonomy?" *Nonprofit and Voluntary Sector Quarterly* 31.3 (2002): 305-328; Lu Yiyi, Non-governmental Organizations in China (Routledge, 2009); Jessica C. Teets, "Post-earthquake Relief and Reconstruction Efforts: The Emergence of Civil Society in China," *The China Quarterly* 198 (2009): 330-347.
[6] Jude Howell, ed., *Governance in China* (Lanham, MD: Rowman & Littlefield, 2004); Mary Gallagher, "The Limits of Civil Society in a Late Leninist State." In *Civil Society and Political Change in Asia: Expanding and Contracting Democratic Space*, ed. Muthiah Alagappa (Stanford, CA: Stanford University Press, 2004), 419-52; Anthony J. Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State: Understanding the Survival of China's Grassroots NGOs," *American Journal of Sociology* 117.1 (2011): 1-45; Timothy Hildebrandt, *Social Organizations and the Authoritarian State in China* (Cambridge: Cambridge University Press, 2013).
[7] Andrew Mertha, "'Fragmented Authoritarianism 2.0': Political Pluralization in the Chinese Policy Process," *The China Quarterly* 200 (2009): 995-1012.

Affairs authorities, was installed in the mid-1990s to bind the NGO sector under regulatory oversight. Meanwhile, despite being tolerated by the Party-state, unregistered or grassroots NGOs often suffer from contingent repression by the public security authorities and other state organs. Such constant aversion to autonomous civil society groups was reinforced by the outbreak of Colour Revolutions in former Soviet Republics in the mid-2000s. Although the Party-state relaxed the dual management system in the early 2010s by allowing functional and service-oriented NGOs to directly register with the Civil Affairs authorities, it held on to a cyclical pattern of repression and tolerance on politically contentious groups, especially those engaging in rights advocacy or those with large mobilizing power.

Nevertheless, a parallel trend has started since the mid-2000s as the Party-state began to engage with the NGO sector proactively to increase social service delivery at the grassroots. Although the initiative of "socializing welfare provision" in communities has begun since the 1990s, it has failed to produce sustained policy outcomes as public resources were largely channelled to a large array of quasi-state organizations, such as public institutions (*shiye danwei* 事业单位) and GONGOs, that maintain statist approach in service provision, as well as profit-seeking private operators. Hence, the initiative to seek collaboration with NGOs marks a new effort to revolutionize welfare provision. Echoing the "small state, big society" (*xiao zhengfu da shehui* 小政府大社会) reform to relieve the government of the public service burden and seeing the potential benefits of NGOs, local state agencies across China have increasingly resorted to outsourcing social services to community-based NGOs through government procurement, or purchase of services (*zhengfu goumai fuwu* 政府购买服务). Contracted NGOs then offer a wide array of community social services, including professional social work and specialized services that address the needs of the elderly, the disabled, children, youth, migrants and ex-offenders. Unlike in the past when the Party-state

tightly restricted their activities in communities, NGOs are playing a more important role in citizens' everyday lives as well as neighbourhood governance.

This emerging "civil society" space opened up by the collaboration between local states and NGOs raises new questions for researchers. First, the new terrain of "civil society" is certainly not an autonomous or independent space vis-à-vis the state. Rather the opposite, it is the state that creates and administers this space, while most of the NGOs within this space originate from and rely their survival on government funding. Therefore, new theoretical tools are needed to conceptualize this uneven playing field and analyze the resulting interactions between the state and NGOs. Second, the characterization of the policy initiative as the central government's policy of "social governance" (*shehui zhili chuangxin* 社会治理创新), coupled with the close involvement of local states, reveals the highly political nature of service collaborations. Outsourcing to NGOs is therefore not just an administrative decision to rationalize the use of public resources and enhance the efficacy of public service provision. It is more importantly a political decision with explicit aims to enhance social stability and buttress authoritarian rule. This demands local states to strategize their interaction with NGOs and create effective institutional arrangements, not only to reflect officials' preferences but also to make their NGO partners maximize their value.

Essentially, local states encounter the same dilemma confronting the central government in balancing control and empowerment of the NGO sector. But for the local states, the problem of control is less critical because they can rein in NGO partners through the allocation of projects and funding, in addition to regulating them through registration. But such ability and tendency to control NGOs could easily stifle their capacity to promote the kinds of social engagement beneficial for the state, rendering them as no more than state appendages. In

addition, given the variety of political contexts and preferences of officials across the country, the actual mechanisms and practices of service collaboration are likely to differ widely across localities. In that case, what are the different institutional arrangements through which local states choose to collaborate with NGOs? How are such arrangements determined by the local political contexts and choice of local officials? Are some collaborative arrangements more effective in promoting state interests than others?

This study examines the emerging collaborative space between China's local states and a multitude of community-based service NGOs in residential neighbourhoods. It examines the origins of these service collaborations under the context of China's social problems and the government's initiative to improve governance, the institutional arrangements adopted or chosen by local states to control and empower NGOs, and the corresponding strategies taken by these social actors to expand civic participation and exert policy influence. My analysis is not only concerned about the control mechanisms which have been the main subject of inquiry among existing works on China's civil society. It also focuses on the contextualized institutional choices and micro mechanisms that shape and propel state-NGO collaborations. In his classic study "Making Democracy Work", Robert Putnam finds that the vibrancy of associational life contributed to wide variations of democratic governance across Italy: stronger patterns of civic engagement resulted in better institutional performance of local governments.[8] My goal in this study is to move this perspective to an authoritarian context. It aims to examine how the civil society, when nourished by the state, can foster authoritarian governance and make authoritarianism work.

[8] Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993).

By drawing on the government procurement of social services in three localities in Guangdong Province, I argue that local states' collaboration with NGOs have, by and large, allowed them to increase their governance capacity by extending their reach and increasing penetration through social service provision. However, variations in the political configuration and strategic choice of local states have produced different involvement strategies, shaping a range of relationships with their respective NGO partners. I argue that these local state variations are important for analysing the outcome of service collaboration because they not only shape the ability of local states to generate infrastructural power but also determine the strategies with which NGOs interact with the local states, pursue organizational goals and bring about policy changes.

In this chapter, I will first introduce the rise of community-based NGOs in light of China's socio-political and economic challenges. Next, I will discuss the conceptual relationship between civil society and authoritarianism, and also review both the existing analytical frameworks and empirical findings regarding China's civil society. Following that, I will discuss the importance of the local state in developing the civil society sector, and explain why local state variations are important for understanding how civil society promotes state interests differently under the same authoritarian context. Finally, chapter overviews will be presented at the end.

1.1 The rise of community-based NGOs

While China's spectacular economic development has produced an impressive improvement in the standard of living for many citizens, the accompanying urban growth has also engendered mounting social challenges against effective governance and led to widespread

social unrest. From migrants who increasingly claim their "rights to the city", to disgruntled workers petitioning for better wages and social protection, to middle-class citizens demanding quality public services and more concerned issues such as pollution or government accountability, the Party-state is now faced with an urban citizenry which is becoming increasingly insecure, demanding, differentiated and contentious. However, although the Party-state recognizes the urgency to address these problems, the existing system of urban governance has suffered from significant gaps that render it unfit for the purpose. On the one hand, the dismantling of the socialist *danwei*, or work unit system, ejected many citizens out of the state's cradle-to-grave service delivery system, leaving immense burden of service responsibilities on local governments or on individual households. On the other hand, while residential neighbourhoods have replaced the *danwei* to serve as the basic site of governance, they often remain poorly funded, bureaucratically run and inundated by administrative duties, making them incompetent in satiating growing citizen needs and addressing complex social problems.

It was against this backdrop that the Party-state turned to NGOs as partners for complementing the governance process. Under the central government's call for "social governance" and the existing effort of promoting "community building", local states have begun to forge collaboration with NGOs in residential communities to provide wide-ranging social services on their behalf. These community-based NGOs are expected to not only to fill the welfare gap, but also to generate synergies (*shehui xietong* 社会协同) with the existing neighbourhood organizations – street governments, residents' committees and mass organizations – in order to replace the statist approach and create a more responsive system. Meanwhile, favourable government policies have also been promulgated to develop this new type of NGOs. For example, in the 18th Third Plenum, "urban and rural community-based

service social organizations" (*chengxiang shequ fuwulei shehui zuzhi* 城乡社区服务类社会组织) was specified as a type of social organization for priority development, along with industry and trade associations, charity organizations, and science and technology organizations.[9] The National New-type Urbanization Plan (2014-2020) released in March 2014 further vowed to include social organizations, professional social workers and volunteers into community-based service provision.[10]

In this study, I borrow Nicole Marwell's definition of community-based organizations to define community-based NGOs (hereafter also known as community NGOs or service NGOs) as a type of social organization characterized by three key features.[11] First, community NGOs are community-based in that they are "organized around a particular geographic space." Unlike large NGOs which operate at multiple sites, community NGOs operate programs only in their local geographic space. Second, community NGOs aims to "increase attention to the needs of disadvantaged residents of their geographic place who are said to be receiving insufficient resources and consideration from government and market entities." In other words, they ought to provide at least one type of social services to citizens. Third, community NGOs must have "sufficient participation of 'community members' in the organizations' daily activities", meaning that their staff, volunteers or clients – at least one group among them – should be drawn from the local community.

This definition confines our focus to mainly three types of social organizations. The first type, which is the most prevalent type and constitute the bulk of my focus, is a large number of

[9] "Zhonggong zhongyang guanyu quanmian shenhua gaige ruogan zhongda wenti de jueding" [CCP Central Committee Resolution Concerning Some Major Issues in Comprehensively Deepening Reform], *Xinhua*, November 15, 2013, http://news.xinhuanet.com/politics/2013-11/15/c_118164235.htm, accessed September 1, 2016.
[10] "China unveils landmark urbanization plan", *Xinhua*, March 16, 2014.
[11] Nicole P. Marwell, "Privatizing the Welfare State: Nonprofit Community-based Organizations as Political Actors," *American Sociological Review* 69.2 (2004): 265-291.

social service NGOs that offer services such as professional social work, migrant education, health care, elderly care, and disability care in residential communities. The second type is self-organized community groups that arrange leisure activities, mutual help and volunteering services on *ad hoc* or regular basis. The third type is charitable foundations or capacity-building organizations that provide financial or knowledge support for the first two types of community-based NGOs, serving as their bridge with the government or with the larger NGO community. For the above three types of NGOs, there is no strict requirement in terms of who establish them – community-based NGOs can be established by individuals, grassroots NGOs, private enterprises, and occasionally even quasi-state organizations such as Communist Youth League and Women's Federation. Their funding source can also be diverse, ranging from local governments to private enterprises to individuals. While these characteristics suggest that community NGOs often tread a blurry line between state and society, one key feature is that, despite government or external funding support, they must maintain considerable level of operational autonomy in organizing their services and administrative affairs.

Given their relative autonomy, potential linkages with local states and access to the grassroots, community NGOs occupy a unique position in China's associational realm. First, unlike GONGOs, community NGOs are less intimately linked to the government by financial, personnel, and operational mechanisms and tend to enjoy greater autonomy.[12] Second, unlike grassroots NGOs, they can operate more openly under less government suspicion and enjoy the eligibility of bidding government projects and accepting donations. Third, unlike national

[12] However, some analysts have argued that GONGOs also have significant level of autonomy from the state. See, for example, Fengshi Wu, "Environmental GONGO Autonomy: Unintended Consequences of State Strategies in China," *The Good Society* 12.1 (2003): 35-45.

NGOs such as Friends of Nature or Red Cross China[13], they have greater access to residential communities as long as they are granted the permission to operate from within. These unique features render community NGOs a pertinent site not only for observing changes in China's state-society relations, but also for drawing new insights to enrich the theoretical and empirical understanding of civil society. With their increasing collaboration with the state, a core theoretical question must be posed: To what extent do state-sponsored community NGOs foster authoritarian governance? In the next section, I will review major theories of civil society, focusing on its relation to both democracy and authoritarianism.

1.2 Civil society under authoritarianism

Civil society is a multifarious concept that contains multiple meanings and has been used in a variety of ways. But despite its conceptual complexity, one of the most discussed aspects of civil society is its relation to democracy. Many political theorists and political scientists have suggested that civil society plays crucial roles in maintaining democracy, triggering democratization or resisting the formation and domination of authoritarian governments. For many, civil society is democratic mechanism, a portent of democracy, and an effective guarantee against authoritarianism.

Among the most important theorists in the field is Alexis de Tocqueville. In his seminal work *Democracy in America*, Tocqueville portrayed the rich and vibrant associational life in 19th century United States as his image for "civil society", although he did not explicitly employ

[13] Guobin Yang, "Environmental NGOs and Institutional Dynamics in China," *The China Quarterly*, 181 (2005): 46-66.

the term.[14] For Tocqueville, associational activities are significant in three ways. First, associations gather "public assent" which individuals give to "certain doctrines", enables the spread of such values and unites them towards one single purpose. Second, associations provide "centres of actions" where people can frequently meet, exchange thoughts and opinions, and engage in collective actions. Third, associations help to channel opinions and interests to the political system, such that citizens can be properly represented. Free and voluntary associations, Tocqueville concluded, underpin the foundation of American democracy. They offer a way for personal liberty to be dovetailed with communitarian spirit. They also prevent the spread of individualism and the degeneration of democracy into the tyranny of majority.

The Tocquevillean conception of civil society as civic associationism has inspired many contemporary political scientists. Robert Putnam, perhaps the most notable among a school of scholars known as the neo-Tocquevilleans, suggests that civic associations played an important role in making democracy work in Italy[15], while its deficiency contributed to the fraying of democratic life in the United States[16]. Putnam argues that voluntary associations, such as choral societies, bowling leagues, scouts, sports clubs and parent-teacher associations, can generate social capital by fostering participation in social activities as well as establishing networks, norms and social trust among people, which are essential prerequisites to democratic consolidation. Putnam's view was in a way resonated by a group of mass society theorists who were interested in the relation of the social structure to the maintenance of liberal democratic institutions.[17] For this group of theorists, mass society is an aggregate body

[14] Alexis de Tocqueville, *Democracy in America*, trans. Henry Reeve (New York, NY: Bantam, 2004).
[15] Putnam, *Making Democracy Work*, 6-7.
[16] Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2001).
[17] William Kornhauser, *The Politics of Mass Society* (Glencoe, Il: The Free Press, 1959); José Ortega y Gasset, *The Revolt of the Masses* (New York, NY: WW Norton & Company, 1993).

of atomized individuals who are related to one another by way of their relation to a common authority – often the state – rather than through engagement in a variety of civic groups. The resulting social atomization tends to produce feelings of alienation and anxiety, which renders individuals more likely to adopt extreme forms of behaviour to escape from these tensions and thus creates the conditions for the formation of totalitarianism.

Like Putnam, mass society theorists also believe that participation in civil society associations will foster democratic practices by creating crosscutting cleavages that avert totalitarianism, inculcating skills for democratic governance and generating a "consciousness of common interest".[18] But while both the neo-Tocquevilleans and mass society theorists focus on how social participation strengthens democratic practices and prevents the rise of authoritarianism, Jürgen Habermas goes further and identifies a more explicit political dimension in civil society – or "public sphere" in his own formulation. For Habermas, the public sphere is a conceptual space of institutions and practices between the domains of everyday life (such as family and workplace) and the realm of state power. Established through communicative action rather than force, it is a realm where people gather to discuss matters of mutual concern and public good, and where they enjoy a set of basic rights. By forming civil alliances of deliberation, the public sphere forms a site for citizens to organize against arbitrary and oppressive forms of state and social power.[19] Historically, the Habermasian idea that the public sphere can be deployed against the state gained traction with the rise of opposition movements against authoritarian regimes in Central and Eastern Europe. In the late 1970s, dissident intellectuals such as Václav Havel and Adam Michnik began to revitalize the idea of civil society as a site of resistance against communist states, and in the 1980s the term already became a mantra for pro-democracy movements.

[18] Sheri Berman, "Civil Society and the Collapse of the Weimar Republic," *World Politics* 49.3 (1997): 401-429.
[19] Jürgen Habermas, *The Structural Transformation of the Public Sphere*, trans. Thomas Burger (Cambridge, MA: MIT Press, 1991): 85-92.

Witnessing successive victories against communist states across the region and the rise of new social movements in liberal societies, Jean Cohen and Andrew Arato put forth an even more complex picture of civil society. For them, civil society is "a sphere of social interaction between economy and state, composed above all of the intimate sphere (especially the family), the sphere of associations (especially voluntary organizations), social movements and forms of public communication".[20] In this sense, civil society is conceived not only as a site for fostering democratic practices, but also as a means to undergo social democratization.

By contrast, the Gramscian conception of civil society – named after the Italian Marxist theorist Antonio Gramsci – portrayed quite a different picture. Gramsci sees civil society not just as a sphere of voluntary associations, independent of the state and market, which brings positive democratic impact. Instead, it is a complex domain of struggle over norms and ideas situated inside the realm of political society.[21] On the one hand, this domain is a public sphere where civic groups, trade unions and political parties gain concessions from the bourgeois state, in which beliefs, norms and consent towards bourgeois capitalism can be shaped in different social and cultural institutions such as the education system, the church and the press, and where consent and legitimacy towards the bourgeois hegemony can be manufactured and reproduced. On the other hand, by virtue of being a domain of struggle, it is also a counter-hegemonic structure, "like the trench-systems of modern warfare"[22] – where existing norms can be challenged, new ideas articulated, and hegemonic powers dismantled.

Inspired by growing civil society activism against authoritarian regimes in Eastern Europe and parts of Asia in the 1980s, a group of democratic activists and theorists extracted

[20] Jean L. Cohen and Andrew Arato, *Civil Society and Political Theory* (Cambridge, MA: MIT Press, 1994).
[21] Antonio Gramsci, *Selections from the Prison Notebooks of Antonio Gramsci* (New York, NY: International Publishers, 1971).
[22] Antonio Gramsci, "State and Civil Society," in *The Anthropology of the State: A Reader*, ed. Aradhana Sharma and Akhil Gupta (Oxford: Blackwell Publishing, 2006), 71-85.

Gramsci's idea of civil society as a site of counter-hegemony, envisioning the concept not just as a domain that fosters democratic governance, but also as a potential battlefield on which to challenge authoritarian states and bring about democratic changes.[23] Meanwhile, however, the classic Gramscian notion that civil society promotes bourgeois domination and strengthens hegemonic power through manufacturing consent has drawn much less attention in comparison. If civil society activities do not necessarily engender conditions for democratic transition, do they, on the contrary, buttress the foundation of authoritarian systems, just as it reinforces the hegemonic domination by the bourgeois state?

Not until lately did scholars begin to substantiate this negative portrayal of civil society. Using a neo-Gramscian approach, Sheri Berman, although not explicitly referring to Gramsci, shows how a flourishing but fragmented civil society in Weimar Germany undermined its fledgling party system and facilitated the rise of the Nazi Party. "For a civil society to have the beneficial effects neo-Tocquevilleans posit", she argues, "the political context has to be right: absent strong and responsive political institutions, an increasingly active civil society may serve to undermine, rather than strengthen, a political regime".[24] In other words, Berman reminds us that civil society alone cannot produce democratic outcomes. She argues that we can only know whether civil society has positive or negative consequences for democratic development if we consider the political institutions where it is situated.[25] In a similar vein, Edward Aspinall also finds that a fractious Indonesian civil society in the 1950s and 1960s

[23] Nicola Pratt, "Bringing Politics Back in: Examining the Link between Globalization and Democratization," *Review of International Political Economy* 11.2 (2004): 311-336.
[24] Berman, "Civil Society and the Collapse of the Weimar Republic," 402.
[25] Sheri Berman, "Civil Society and Political Institutionalization," *American Behavioral Scientist*, 40.5 (1997): 562-574.

had facilitated the rise of Suharto as an authoritarian strongman in 1965, rather than giving birth to democracy.[26]

Strong associational sphere could also foster authoritarianism. Dylan Riley's comparison on the origins of fascism in Italy and Spain, for example, shows how strong civil societies can facilitate the development of authoritarian parties by providing the necessary organizational resources for them to monopolize power.[27] Also rejecting the neo-Tocquevillean approach, Riley uses the Gramscian view of associational sphere as a site of struggle which "produces technologies of political rule that potentially can extend the reach of the state". Like Berman, he also emphasizes the importance of political context in shaping the relationship between the associational sphere and regime formation. But while these scholars focus on how civil society facilitated the rise of authoritarianism, others look at its role in the maintenance and consolidation of authoritarianism. For example, Quintan Wiktorowicz focuses on Jordan and argues that "civil society institutions are more an instrument of state social control than a mechanism of collective empowerment".[28] Simone Chambers and Jeffrey Kopstein push further to argue, from a more theoretical perspective, that there can be "bad civil society" with illiberal and anti-democratic tendencies.[29]

In short, these studies suggest that civil society does not necessarily foster democracy. On the contrary, under certain conditions, it may even support the rise, consolidation and maintenance of authoritarian regimes. Indeed, as Muthiah Alagappa reminds us, there is no inherent connection between civil society and democracy. He proposes to understand civil

[26] Edward Aspinall, "Transformation of Civil Society and Democratic Breakthrough," in *Civil Society and Political Change in Asia: Expanding and Contracting Democratic Space*, ed. Muthiah Alagappa (Stanford, CA: Stanford University Press, 2004), 61-96.
[27] Dylan Riley, "Civic Associations and Authoritarian Regimes in Interwar Europe: Italy and Spain in Comparative Perspective," *American Sociological Review*, 70.2 (2005): 288-310.
[28] Quintan Wiktorowicz, "Civil Society as Social Control: State Power in Jordan," *Comparative Politics* 33.1 (2000): 43-61.
[29] Simone Chambers and Jeffrey Kopstein, "Bad Civil Society," *Political Theory* 29.6(2001): 837-865.

society in a neo-Gramscian approach of hegemony and counter-hegemony, conceiving it as "an arena of power, inequality, struggle, conflict, and cooperation among competing identities and interests", "populated by diverse formal and informal organizations with widely varying structures, resources, purposes, and methods".[30] In this study, I follow the neo-Gramscian tradition to conceptualize civil society in neutral terms.[31] As Berman puts it, civil society is "a politically neutral multiplier that is neither inherently good nor inherently bad for democracy, but rather dependent for its effects on the wider political context".[32] Contrary to the neo-Tocquevillean or liberal tradition that treats civil society as an agent of democratic change, my conceptualization sees civil society as an associational terrain that can buttress government performance in either democratic or authoritarian contexts. I will now turn to an overview of studies about China's civil society before we turn to its relation with the country's durable authoritarianism.

1.3 The search for civil society in China

What distinguishes China from many other countries is that its civil society underwent significant development at a time when China also defies the expectations of democratic transition and maintains a resilient one-party, authoritarian regime. This paradoxical co-existence between a growing civil society and an enduring authoritarian context makes China an important case for analysis. Earlier works exploring civil society in China can generally be divided into two lines of inquiry. The first line is heavily influenced by the neo-Tocquevillean tradition, which draws a close connection between civil society and

[30] Alagappa, *Civil Society and Political Change in Asia*, 46
[31] Berman, "Civil Society and the Collapse of the Weimar Republic"; Francesco Cavatorta and Vincent Durac, *Civil Society and Democratization in the Arab World: The Dynamics of Activism*. (Abingdon, OX: Routledge, 2010).
[32] Berman, *Civil Society and the Collapse of the Weimar Republic*, 402.

democratic transition. This scholarly search for civil society and prospects of democracy in China began in the late 1980s as China embarked on its aggressive agenda of economic reforms while facing growing demands for political liberalization. Inspired by the resistance movement against communist regimes in the Soviet-controlled Central and Eastern Europe where civil society was said to have played a determining role, observers saw in the 1989 Tiananmen movement similar prospects of political change. Some observed the creation of networks of independent organizations outside Party-state control[33] resulting from China's rapid economic reforms[34], and construed such events as the "expression of the fundamental conflict between an emerging civil society and a state with totalitarian intentions".[35] Others saw the resurgence of a suppressed civil society following the Party-state's systematic effort to eradicate autonomous associational activities after 1949.[36]

Even after the June 4 crackdown, scholars remained convinced that a fledging Chinese civil society had formed and that its existence had fundamentally changed state-society relations.[37] Parallel to the search for civil society in contemporary China, some scholars turned to history and argued that certain forms of public sphere, which took the form of corporate groups and voluntary associations, had already existed in the late Qing and Republican era.[38] Others

[33] Merle Goldman, "Hu Yaobang's Intellectual Network and the Theory Conference of 1979," *The China Quarterly*, 126 (1991): 219-242; Andrew J. Nathan, *China's Crisis: Dilemmas of Reform and Prospects for Democracy* (New York, NY: Columbia University Press, 1990); Michel Bonnin and Yves Chevrier, "The Intellectual and the State: Social Dynamics of Intellectual Autonomy during the Post-Mao Era," *The China Quarterly*, 127 (1991): 569-593; David Strand, "Protest in Beijing: Civil Society and Public Sphere in China," *Problems of Communism*, 39.3 (1990): 1-19.
[34] Clements Østergard, "Citizens, Groups and a Nascent Civil Society in China: Towards an Understanding of the 1989 Student Demonstrations," *China Information* 4 (1989): 28-41.
[35] Barrett L. McCormick, Shaozhi Su and Xiaoming Xiao, "The 1989 Democracy Movement: A Review of the Prospects for Civil Society in China," *Pacific Affairs*, 65.2 (1992): 182-202.
[36] Thomas B. Gold, "The Resurgence of Civil Society in China," *Journal of Democracy*, 1.1 (1990): 18-31.
[37] Martin K. Whyte, "Urban China: A Civil Society in the Making?" In *State and Society in China: The Consequences of Reform*, ed. Arthur Lewis Rosenbaun (Boulder, CO: Westview Press, 1992), 77-101.
[38] William T. Rowe, "The Public Sphere in Modern China," *Modern China*, 16.3 (1990): 309-329; William T. Rowe, *Hankow: Conflict And Community In A Chinese City, 1796-1895* (Stanford, CA: Stanford University Press, 1992); Mary Backus Rankin, *Elite Activism and Political Transformation in China: Zhejiang Province, 1865-1911* (Stanford, CA: Stanford University Press, 1986); David Strand, *Rickshaw Beijing: City People and Politics in the 1920s* (Berkeley, CA: University of California Press, 1989).

continue to search for traces of civil society in everyday associational life in post-Tiananmen China. The edited book by Deborah Davis, for example, represents one such effort to explore the expanded scope of political, artistic and personal expression as well as associational ties in urban China.[39] Gordon White argues that social organizations in Xiaoshan formed under rapid socio-economic development embody "dualistic institutional form that mirrors the increasing dualism of China's economy and society". [40] For White, the economic interpenetration of state and society has left sufficient social space for an embryonic civil society to emerge. A more powerful civil society will gradually emerge as economic reforms continue to curtail the state's societal control.

As the Chinese Party-state continued to tighten up the political space after the June 4 crackdown, the prospects for democratic transition gradually diminished. Liberal expectations, grounded on a teleological connection between civil society and democracy, began to give way to a state-centric view that sought to reinterpret the emergence of this "civil society". Frederick Wakeman challenges earlier findings by historians that some forms of civil society existed in China, arguing that the seemingly independent and autonomous associations as identified were in fact closely tied to the state[41] – a conclusion shared by scholars examining entrepreneurs and private business associations in post-Tiananmen era.[42] On the other hand, a number of scholars re-evaluate the 1989 student movement and attribute its limitations to the weaknesses of the Chinese civil society at that time.[43] These challenges

[39] Deborah Davis ed., *Urban Spaces in Contemporary China: The Potential for Autonomy and Community in post-Mao China* (Cambridge: Cambridge University Press, 1995).
[40] Gordon White, "Prospects for Civil Society in China: A Case Study of Xiaoshan city," *The Australian Journal of Chinese Affairs* 29 (1993): 85.
[41] Frederic Wakeman, "The Civil Society and Public Sphere Debate: Western Reflections on Chinese Political Culture," *Modern China* 19.2 (1993): 108-138.
[42] David L. Wank, "Private Business, Bureaucracy, and Political Alliance in a Chinese City," *The Australian Journal of Chinese Affairs*, 33 (1995): 55-71; Nevitt, "Private Business Associations in China".
[43] Elizabeth J. Perry, *Challenging the Mandate of Heaven: Social Protest and State Power in China* (Armonk, NY: ME Sharpe, 2002); Andrew G. Walder and Gong Xiaoxia, "Workers In The Tiananmen Protests: The Politics of the Beijing Workers' Autonomous Federation," *The Australian Journal of Chinese Affairs* 29(1993):

were accompanied by scepticism about the applicability of civil society in the Chinese context.[44] Borrowing from the Habermasian notion of public sphere, Philip Huang rejects the usage of civil society and proposes to understand it as the "third realm", which denotes a sphere in which state and social forces both participate and interact with one another.[45] Others attempt to modify the concept of civil society to fit the Chinese context. Recognizing the prominence of the Party-state shaping relations with society, B. Michael Frolic identifies an expanding but "state-led" civil society, which is "created from the top down as an adjunct to state power."[46] Although this "state-led civil society" has arguably produced some degree of autonomous space, it is not sufficient in posing any credible challenge to state power, nor is it enough in initiating a teleological process of democratization. He Baogang argues that what emerged in China is a "semi-civil society" that is "neither fully controlled nor fully autonomous"[47], which suffers from severe limitations while allowing the Party-state to foster legitimacy.

The recognition of robust Party-state control over an ever-growing civil society, witnessed through the increase in the number and variety of social organizations, led observers to use a corporatist framework for analysing such developments. Under the revival of state-centred analysis in the 1980s that attempted to "bring the state back in"[48], China scholars drew upon the concept of corporatism to analyze the development of social organizations in China.

1-29.; Teresa Wright, *The Perils Of Protest: State Repression And Student Activism In China And Taiwan* (Honolulu, HA: University of Hawaii Press, 2001); Zhao Dingxin, *The Power Of Tiananmen*. (Chicago, IL: University of Chicago Press, 2001).

[44] Ding Xueliang, "Institutional Amphibiousness and the Transition from Communism: The Case of China," *British Journal of Political Science* 24.3(1994): 293-318.

[45] Philip C. C. Huang, "'Public Sphere'/'Civil Society' in China? The Third Realm between State and Society," *Modern China* 19.2 (1993): 216-240.

[46] Michael B. Frolic, "State-led Civil Society," in *Civil Society in China*, ed. Timothy Brook and Michael B. Frolic (Armonk, NY: M.E. Sharpe, 1997), 46-67.

[47] He Baogang then explores semi-civil society in the 1989 democracy movement, political organizations in exile after 1989, how civil society and legitimacy interact, the limitations of civil society in dealing with China's assorted "boundary problems," and the limits of "semi-civil society" in general. See Baogang He, *The Democratic Implications Of Civil Society In China* (Hampshire, UK: Palgrave Macmillan, 1997).

[48] Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985).

Generally associated with fascist political systems, the concept of corporatism had been discredited until Philippe Schmitter revived it as a theoretical framework for understanding state structures. According to Schmitter,

> "Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support."[49]

While the concept can be subdivided into societal corporatism and state corporatism, the latter has received more attention from China scholars. Jonathan Unger and Anita Chan argue that state corporatism is a more suitable model than civil society to make sense of the large number of new associations created in reform-era China as the Party-state withdrew control from the economy and society. As they argue, "China's state corporatism was not a mechanism for further strengthening the state's grip over the economy and over society, but rather a mechanism through which the state's grip could be loosened". It was an institutional mechanism to bridge the gaps in control that were created by retreat of the state, signifying a "shift from a Party command system that dominated directly to one that dominates partly through surrogates (authoritarian corporatist)."[50]

Similar application of corporatism was also featured in Anita Chan's examination of China's trade unions[51], Margaret Pearson's notion of "socialist corporatism" for capturing the dual nature of business associations involving both state control and some societal representation and autonomy[52], and Jean Oi's conception of "local state corporatism"[53] for explaining the

[49] Philippe C. Schmitter, "Still the Century of Corporatism?" *The Review Of Politics* 36.1 (1974): 93-94.
[50] Jonathan Unger and Anita Chan, "China, Corporatism, and the East Asian Model," *The Australian Journal of Chinese Affairs* 33 (1995): 29-53.
[51] Anita Chan, "Revolution or Corporatism? Workers and Trade Unions in Post-Mao China," *The Australian Journal of Chinese Affairs* 29 (1993): 31-61.
[52] Margaret M. Pearson, "The Janus Face of Business Associations in China: Socialist Corporatism in Foreign Enterprises," *The Australian Journal of Chinese Affairs* 31 (1994): 25-46.

foundation of China's rural industrialization in China's fragmented political structure. Others adopted a corporatist lens to examine the state's persistent and renewing ways of control on NGOs. Kang Xiaoguang and Han Heng, for example, propose the concept of "graduated controls" to describe the state's differentiated strategies to manage different types of social organizations according to their capacities to challenge the state and the value of the public goods they provide.[54] Mary Gallagher analyses four major mechanisms that tightly bound social organizations to the Chinese state, namely legal and administrative guidelines, financial and political dependence, double-posting of personnel, as well as ideology and interest representation.[55] More recently, Jennifer Hsu and Reza Hasmath employ "local state corporatism" to highlight the vital role of the local states in determining the development of local NGOs and describe the transition of their control strategies from overt control to tacit sanctioning.[56]

The civil society vs. corporatism debate produced a rich spectrum of scholarly works that illuminated state-civil society relations in different domains, allowing observers to understand the possibilities and limits of China's fledgling "civil society". While the civil society framework enables analysts to detect new sprouts of associationalism and social activism in China's expanding and increasingly complex social terrain, the corporatist framework tampers liberal expectations by focusing on the Party-state's tight control over civil society. In this sense, the two seemingly competing frameworks are in fact neither opposite to each other nor mutually exclusive. As Ding Yijiang argues,

---

[53] Jean C. Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics* 45.1(1992): 99-126; Jean C. Oi, "The Role of the Local State in China's Transitional Economy," *The China Quarterly* 144(1995): 1132-1149; Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley, CA: University of California Press, 1999).
[54] Xiaoguang Kang and Heng Han, "Graduated Controls: The State-Society Relationship in Contemporary China," *Modern China*, 34.1(2008): 36-55.
[55] Gallagher, "The Limits of Civil Society in a Late Leninist State."
[56] Jennifer Hsu and Reza Hasmath, "The Local Corporatist State and NGO Relations in China," *Journal of Contemporary China* 23.87(2014): 516-534.

> "In spite of their apparent disagreement as to its nature, the proponents of civil society and corporatism both indicated a degree of change in the relationship between the state and society and in the way society is organized. […] The emerging social reality underlying the scholarly debate is the breakdown of the pre-reform-era direct control structure and its replacement by a new mechanism of indirect control, in the case of state corporatism, or by a growing degree of independence of the new societal players, in the case of "emerging civil society" or "transition toward societal corporatism".[57]

In other words, the concept of civil society and variations of corporatism exist on a continuum that ranges from societal autonomy to state control rather than being divided by a clean conceptual break. "The model of societal corporatism", notes Ding, "creates a conceptual overlap between corporatism and civil society, since corporatism as a particular way of connecting the state and society does not necessarily exclude the possibility of societal autonomy".[58] Gallagher points out that civil society and state corporatism, as conceptual models, differ in what they seek to explain.[59] While the civil society model is an "analytical model of social change" founded on the expectation that growth in autonomous social organizations will eventually lead to democratization, state corporatism is a "descriptive model of state-society relations in nations where the state plays a central role in controlling the growth and development of societal actors".[60] The latter view is resonated by Unger and Chan, who suggest that corporatist frameworks "do not define political system, but are instead institutional mechanisms in the service of governments and particular sectoral constituencies".[61]

In sum, while both the civil society and corporatist models can be applied to observe different dynamics, neither can offer full explanatory power on the complex and dynamic civil society developments and state-civil society relations in contemporary China. A teleological civil

[57] Ding Yijiang, *Chinese Democracy after Tiananmen* (Vancouver, BC: University of British Columbia, 2001), 72.
[58] Ibid., 74.
[59] Gallagher, "The Limits of Civil Society in a Late Leninist State," 421.
[60] Ibid., 421.
[61] Unger and Chan, "China, Corporatism, and the East Asian Model," 37.

society framework focused on searching for sprouts of political change will likely underplay the Party-state's control strategies and its ability to reinvent new policy instruments to exert control even as it moves away from a corporatist command-and-control system. On the other hand, a state-centred corporatist frame tends to neglect novel forms of civil society[62], their impact on public policy, their innovative tactics employed by civil society organizations to ensure survival under constant threat of state repression[63], and the role of the market in shaping civil society developments.[64]

1.3.1 Civil society under authoritarian China

The paradox of seeing an expanding civil society in China amidst the Party-state's corporatist control structure has shaped a scholarly consensus that acknowledges the coexistence between civil society and authoritarianism. On the one hand, in the two decades following the Tiananmen crackdown in 1989, China's continuing market reform was accompanied by an explosion of social organizations consisting of both independent grassroots associations and organizations with close government ties. On the other hand, despite a flourishing civil society, the Chinese government only allowed the development of non-political but strictly banned all those deemed to have political aims. The crackdown on the religious cult Falun Gong at the end of the 1990s, for example, indicated the Party-state's intolerance for social groups that possess the capacity to mobilize and challenge state authority. Under this political

[62] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State."; Jude Howell, "New Directions in Civil Society: Organizing Around Marginalized Interests," in *Governance in China*, ed. Jude Howell (Lanham, MD: Rowman & Littlefield, 2004), 1-18.
[63] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State"; Carolyn Hsu, "Beyond Civil Society: An Organizational Perspective on State–NGO Relations in the People's Republic Of China," *Journal of Civil Society* 6.3(2010): 259-277; Timothy Hildebrandt, "The Political Economy of Social Organization Registration in China," *The China Quarterly* 208(2011): 970-989; Timothy Hildebrandt, *Social Organizations and the Authoritarian State in China* (Cambridge, UK: Cambridge University Press, 2013).
[64] Jude Howell, "Civil Society, Corporatism and Capitalism in China," *Journal of Comparative Asian Development* 11.2 (2012): 271-297.

environment where repression can be swiftly deployed against social actors, there is little space for political associations that could form autonomous nodes of power. This buttresses the view that China's emerging civil society is unlikely to be capable of challenging state power, contrary to what had taken place in Central and Eastern Europe or other parts of the world. As Gallagher summarizes as she examines the limits of the Chinese civil society under a late Leninist state structure, "civil society's relationship to democratization is highly contingent".[65]

The cohabitation between civil society and a fragmented authoritarian structure also led scholars to eschew a simple dichotomy of civil society and corporatism and shift to a more complex and less generic analytical framework. One path is to continue to search for civil society elements that escape the state corporatist control. Gallagher points to an unofficial civil society lying outside the realm of GONGOs that serves the interest of the floating population, popular religion or intellectuals[66], a space regarded by Jude Howell as the organization of marginalized interests.[67] Another path is the discovery of a more interdependent, mutually penetrative and negotiated state-civil society relations. While observing the contingent relationship between civil society activities and democratization, Gallagher also discerns the interpenetration between state and civil society in China, highlighting the importance of studying "the process of interaction and how it defines, bounds, or transforms the two sides", rather than "measuring the degree of societal autonomy from the state".[68] Similarly, Tony Saich emphasizes the capacity of "co-opted groups" to influence the policy-making process or to pursue the interests of their members by deriving from the institutional arrangements and developing strategies to evade party and state

[65] Gallagher, "The Limits of Civil Society in a Late Leninist State", 421.
[66] Gallagher, "The Limits of Civil Society in a Late Leninist State," 420.
[67] Howell, "New Directions in Civil Society."
[68] Gallagher, "The Limits of Civil Society in a Late Leninist State", 422.

controls, thus turning the traditional "transmission belt" function to their own advantage.[69] Ma Qiusha, on the other hand, argues that the interactive and mutually dependent relations between the government and NGOs "indicate the continuing power of the Party-state as well as the decline in its capacity to control the growth of organizations".[70] Using the case of environmental advocacy in China, Peter Ho conceptualizes this negotiated symbiosis between the Party-state and civil society as "embedded activism", whereby the state set the rules of engagement while activists attempt to influence policy-making by leveraging linkages with the state and pushing the boundaries.[71]

In short, scholars have moved away from seeing political transition as a necessary outcome of an enlarging civil society, and accepted the existence of civil society under authoritarianism based on some forms of societal corporatism – characterized by a porous and negotiated boundary between state and society, comprising a mix of societal autonomy and government control and varying across different social sectors. The resulting question is not whether civil society will bring political change (which is often conceived as democratization or the downfall of the Communist Party) to China, but rather *what kind of political change* it could bring other than democratic transition. Such changes can be localized, piecemeal or nuanced, and do not have to be logically linked to democratization. Their forms could range from greater space for policy advocacy and changes in officials' mind-set to tangible improvements in the governance process. Given a broader understanding on the meaning of political change, what and how civil society groups can bring about changes in authoritarian regimes thus becomes an intriguing question.

---

[69] Tony Saich, "Negotiating the State: The Development of Social Organizations in China," *The China Quarterly*, 161(2000): 124-141.
[70] Ma, "The Governance of NGOs in China since 1978."
[71] Peter Ho, "Greening without Conflict? Environmentalism, NGOs and Civil Society in China," *Development and Change*, 32(2001): 893–921; Peter Ho and Richard Edmonds, eds., *China's Embedded Activism: Opportunities and Constraints of a Social Movement* (Abingdon, OX: Routledge, 2007).

The actual changes brought by China's budding civil society have been a key subject of scholarly inquiry. One area of focus is the development of NGOs in different issue/policy sectors, including environment[72], media and internet[73], migrant labour[74], social welfare[75], homeowners' activism[76], transnational linkages[77] and disaster management[78]. While NGOs' policy impact in different issue areas vary, Andrew Mertha argues that there is increasing political pluralization in the policy-making process. Focusing on hydro-politics and child safety regulations, Mertha argues that "previously-excluded members of the policy-making process in China – officials only peripherally connected to the policy in question, the media, non-governmental organizations and individual activists – have successfully entered the political process precisely by adopting strategies necessary to work within the structural and procedural constraints of the fragmented authoritarianism framework".[79]

[72] Caroline M. Cooper, "'This is Our Way In': The Civil Society of Environmental NGOs in South-West China," *Government and Opposition* 41.1 (2006): 109-136; Ho, "Greening Without Conflict?"; Susan Martens, "Public Participation with Chinese Characteristics: Citizen Consumers in China's Environmental Management," *Environmental Politics* 15.2(2006): 211-230.
[73] Yang Guobin, "The Internet and Civil Society in China: A Preliminary Assessment," *Journal of Contemporary China* 12.36(2003): 453-475; Yang Guobin, *The Power of the Internet in China: Citizen Activism Online* (New York, NY: Columbia University Press, 2009).
[74] Chloé Froissart, "The Rise of Social Movements among Migrant Workers. Uncertain Strivings for Autonomy," *China Perspectives* 61(2005): 30-40; Chan King-chi, "Community-based Organizations for Migrant Workers' Rights: The Emergence of Labour NGOs in China," *Community Development Journal* 48.1(2013): 6-22; Diana Fu, "A Cage of Voices: Producing and Doing *Dagongmei* in Contemporary China," *Modern China* 35.5(2009): 527-561.
[75] Elisabeth J. Croll, "Social Welfare Reform: Trends and Tensions," *The China Quarterly* 159 (1999): 684-699; Jonathan Schwartz and Shawn Shieh, eds., *State and Society Responses to Social Welfare Needs in China: Serving the People* (Abingdon, OX: Routledge, 2009).
[76] Yongshun Cai, "China's Moderate Middle Class: The Case of Homeowners' Resistance," *Asian Survey* 45.5 (2005): 777-799; Benjamin L. Read, "Assessing Variation in Civil Society Organizations: China's Homeowner Associations in Comparative Perspective," *Comparative Political Studies* 41.9 (2007): 1240-1265; Aurore Merle, "Homeowners of Beijing, Unite! The Construction of a Collective Mobilization," *China Perspectives* 2 (2014): 7-15.
[77] Katherine Morton, "The Emergence of NGOs in China and their Transnational Linkages: Implications for Domestic Reform," *Australian Journal of International Affairs* 59.4 (2005): 519-532.
[78] Shawn Shieh and Guosheng Deng, "An Emerging Civil Society: The Impact of the 2008 Sichuan Earthquake on Grassroots Associations in China," *The China Journal* 65 (2011): 181-194; Teets, "Post-earthquake Relief and Reconstruction Efforts."
[79] Mertha, "'Fragmented Authoritarianism 2.0'," 996.

Other scholars inquire the diverse range of tactics employed by NGOs to negotiate for more spaces for survival or greater policy impact under the authoritarian political framework. Some civil society groups choose to evade registration to gain autonomy[80], while others actively seek co-optation from the Party-state[81]. Carolyn Hsu argues that from an organizational perspective civil society groups often seek to build alliances with state agencies and actors rather than maintaining autonomy from the government because institutional interdependence "can help both types of organizations secure necessary resources and gain legitimacy".[82] On the other hand, civil society groups are sometimes "useful" for state agencies to help provide certain types of public services. Anthony Spires inquires why unauthorized grassroots NGOs, which appear as potential threats to the ruling power, could survive under a repressive authoritarian context – a phenomenon not fully explained by either a neo-Tocquevillean approach or a corporatist framework.[83] For Spires, the existence of grassroots groups under authoritarianism should be understood with the concept of "contingent symbiosis". Grassroots groups have better chances of survival when the state is fragmented, when censorship keeps information local, and as long as they refrain from democratic claims-making or fuelling grievances against the state. In turn, the state tolerates them so long as they help to relieve state obligation in social welfare and allow state officials to claim credit. In addition, the state also reserves the power to repress them when deemed necessary – a conclusion also shared by Timothy Hildebrandt's study on NGOs in environmental protection, HIV/AIDS prevention, and gay and lesbian rights.[84] While repression makes such state-NGO symbiosis contingent, NGOs' mercurial relations with the state further compound the uncertainty. Joseph Cheng's case studies on China's labour NGOs, for example, show that the informal politics between the Chinese authorities and civil society

[80] Hildebrandt, "The Political Economy of Social Organization Registration in China," 974-975.
[81] Ho and Edmonds, *China's Embedded Activism*.
[82] Hsu, "Beyond Civil Society," 259.
[83] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State," 5-10.
[84] Hildebrandt, *Social Organizations and the Authoritarian State in China*.

groups, which often depends on vague rules and the subjective will of officials instead of a set of long-term and stable "rules of the game", generate a good deal of uncertainty regarding their allowable scope of activity.[85]

In sum, Chinese civil society groups maintain survival, obtain resources and make policy impacts by engaging in a mutually penetrated relationship with state agencies under a fragmented authoritarian structure, which is contingent upon the state policies and officials' preferences. However, while much of the research efforts focus on the Party-state's tolerance for the existence and development of unauthorized or potentially sensitive groups, less is known about the increasing formal partnerships between local states with civil society groups. As will be explained in the following, these state-civil society partnerships are often formed under the arrangement of government procurement, through which the provision of social welfare and public services are outsourced by the local states to NGOs through public tendering. This suggests a closer and more dynamic interaction between state agencies and civil society organizations, contrary to the more contingent state-civil society engagement as discussed above. Examining these collaborations will tell us not only why they occur, but also what comes out of them, how the state strategizes collaboration with civil society organizations to supply public goods and services, and how the partnership gives civil society groups a role in buttressing authoritarian rule.

1.3.2 Local civil societies

This rising trend of collaboration between Chinese local states and NGOs in public service delivery has begun to draw scholarly interest. Hsu and Hasmath observe the expansion of

[85] Joseph Cheng, Kinglun Ngok and Wenjia Zhuang, "The Survival and Development Space for China's Labor NGOs: Informal Politics and its Uncertainty," *Asian Survey* 50.6 (2010): 1082-1106.

NGO activities at the local level and the shifting influence on them from the central to the local states, a trend illustrated by Guangdong province's pilot experiment in relaxing NGO registration policy.[86] They suggest to analyse NGO development by employing a "local corporatist state" framework, which posits that the policy and regulatory mechanism delineated by the local states are the most important factors in determining the development and success of NGOs. Their model reconciles the classic conception of state corporatism as a "transmission belt" for interest representation with the ability of social actors to influence policy making and to pursue their own goals. In this model, local states have shifted from relying on overt sanctioning methods, such as coercion and propaganda, to using tacit sanctioning measures, such as selecting partners and establishing rules and regulations with which they must comply, that restrain NGOs' pro-activeness. In another study, while emphasizing that the local state is "where the majority of meaningful interactions occur between the state and NGOs", they argue that the overall levels of collaboration between local states and NGOs are still low despite the apparent advantages. This is because local states have low epistemic awareness regarding NGO activities, and NGOs are underdeveloped under strong "coercive isomorphic pressures" which have prevented them from forming a mature epistemic community.[87] Local states, they argue, have more incentives to collaborate with NGOs once epistemic awareness is established, but only to the extent of exploiting their material power.

All of these point to the importance of the local state in pioneering and regulating collaborations with social organizations. Such role is further demonstrated by studies on collaboration in different service areas and localities. In her study of migrant education outsourcing in Shanghai, Jessica Teets argues that the municipal government's collaboration

[86] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China," 520-521.
[87] Reza Hasmath and Jennifer Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China," *The China Quarterly* 220 (2014): 936-954.

with non-profit schools through procurement allows the authorities to provide education to groups excluded by the *hukou* system without challenging national laws.[88] The procurement scheme hence represents an important tool of "administrative modernization" which helps local states in implementing the "small state, big society" reforms. In her later works, Teets distinguishes between the local and national level government in analysing state-civil society collaboration.[89] She suggests that increasing collaborations between local states and civil society groups are the result of decentralizing welfare responsibilities from central to local governments and the inclusion of officials' performance in public service provision in cadre evaluation. Propensities to collaborate with NGOs are further diffused across China through the process of policy learning whereby local officials learn the benefits and disadvantages of civil society through observation and experience[90], a process akin to the increase of epistemic awareness as suggested by Hasmath and Hsu.[91] Teets argues that these increasing collaborations are shifting the relationship between local state and civil society from predominantly corporatism to what she calls "consultative authoritarianism" (CA), which "promotes the simultaneous expansion of a fairly autonomous civil society and the development of more sophisticated and indirect tools of state control over this civil society".[92] This CA model, however, does not predict democratic changes as liberal theories posit. On the contrary, although collaboration carved an operationally autonomous civil society out of an authoritarian context through better public service provision and more pluralistic participation, the state has maintained sophisticated control measures through

[88] Jessica Teets, "Reforming Service Delivery in China: The Emergence of a Social Innovation Model," *Journal of Chinese Political Science*, 17.1 (2012): 15-32.
[89] Jessica Teets, "Let Many Civil Societies Bloom: The Rise of Consultative Authoritarianism in China," *The China Quarterly*, 213 (2013): 19-38.
[90] Jessica Teets, *Civil Society under Authoritarianism: The China Model* (Cambridge: Cambridge University Press, 2014).
[91] Hasmath and Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China," 945-948.
[92] Teets, "Let Many Civil Societies Bloom," 36.

negative and positive incentives, similar to what Hsu and Hasmath call tacit sanctioning, to guide civil society partners towards improving governance and buttressing authoritarian rule.

Jude Howell proposes the concept of "welfarist incorporation" to further articulate the characteristics of social service procurement which have not been fully laid out by the CA model. Focusing on local governments' purchasing of services from labour NGOs, Howell suggests that these collaborations are "part of a broader strategy of welfarist incorporation aimed at re-working the social contract between the state and labour," with both "a state logic of maintaining social control and a market logic of stabilizing capitalist production."[93] Welfarist incorporation is defined as "a political and economic arrangement between the state and organized society, whereby selected civic organizations are invited by the state to assist in the implementation of policy." For Howell, the concept is different from the conventional understanding of corporatism based on Schmitter's definition: first, social organizations are incorporated into the process of policy implementation rather than policy making; second, they are incorporated for the servicing of interests rather than the representation of interests; and third, they are incorporated through a competitive process rather than a compulsory and non-competitive one. These distinctions are important for elucidating the *nature* of these state-NGO collaborations: rather than collaborating on equal grounds, NGOs are incorporated by local states through new architectures of control, such as relaxed registration and competitive subcontracting, to serve governmental interests. The process, Howell concludes, "stymie[s] their radical edge by emphasizing services to the exclusion of rights, and wean[s] them off external funding."

[93] Jude Howell, "Shall We Dance? Welfarist Incorporation and the Politics of State–Labour NGO Relations," *The China Quarterly* 223 (2015): 702-723.

The pessimistic view proffered by Howell is not shared by all scholars. Even though Teets contend that an expanded civil society under the CA model will not lead to democratic change, NGOs can utilize an array of strategies, ranging from confrontational to collaborative, to influence local policy decisions. Teets find that information dissemination and use of interpersonal connections are the most effective strategies in creating positive learning experiences for local officials to forge collaboration and effect policy changes. "In this way", Teets argues, "civil society is not a passive recipient of the new consultative authoritarianism model [...], but rather an architect of this mode."[94] Andreas Fulda, Li Yanyan and Song Qinghua also observe a more active role played by state-sponsored NGOs through the case study of the Beijing-based Shining Stone Community Action Centre (SSCA).[95] As a community-based NGO contracted by various local governments, SSCA has employed what they call "network governance strategies" to realize mutual trust, collaboration and innovation with local governments. These strategies include gaining the trust of the first-in-command or the leading cadres, building a bridge between different sectors and levels of hierarchy, showcasing the results of cross-sector collaboration, and drawing the support of academia and media. Likewise, local states do not always resort to control measures. To make the collaboration serve their interests, they must also empower NGO partners and leave them with sufficient autonomy to address social needs and interests. Jing Yijia highlights the importance of empowerment in state-NGO collaborations. He argues that advanced and pragmatic local states have deployed mixed strategies of control and empowerment to develop the NGO sector in favour of organizations that are "politically inactive and professionally capable".[96] Such empowerment strategies include both administrative and

[94] Teets, *Civil Society under Authoritarianism*, 145.
[95] Andreas Fulda, Li Yanyan, and Song Qinghua, "New Strategies of Civil Society in China: A Case Study of the Network Governance Approach," *Journal of Contemporary China* 21.76 (2012): 675-693.
[96] Jing Yijia, "Between Control and Empowerment: Governmental Strategies towards the Development of the Non-profit Sector in China," *Asian Studies Review* 39.4 (2015): 589-608.

market or quasi-market means aiming to improve NGOs' organizational development and service performance.

These works suggest that classic frameworks of corporatism are no longer useful in analysing the evolving relationship between local states and NGOs. On the one hand, local states are no longer confined to control-oriented corporatist measures in dealing with social organizations. While preventing them from challenging state monopoly of power remains an imperative, local states have granted NGOs greater space and resources to provide social services and policy advices. New architectures of control and empowerment are installed, such as relaxed registration, competitive bidding and post-hoc evaluation, to discipline and groom selected social partners. On the other hand, even though NGOs are largely prevented by the collaborative arrangements from engaging in more political activities, some of them have employed innovative strategies to enlarge their autonomy, exert policy influences or promote the rights of marginalized groups. Depending on their interactions with the local states and other actors, some strategies have been successful, while others less so.

Although the new frameworks suggested by various authors have allowed us to better capture the emerging nuances and complexities in local state-NGO collaborations, they suffer from several major limitations. First, while existing works distinguish between central and local level government and emphasize the crucial role of the local state in NGO development, they tend to conceive the local state as a monolithic unit for analysis, rather than disaggregate it into different layers both vertically and horizontally. An exception is Hsu and Hasmath's work on the local state-NGO interactions in Shanghai.[97] In their analysis, they disaggregate the Shanghai's local state into the municipal and district level, which forged collaborations

[97] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."

with different NGOs respectively. But while they emphasize that the importance of analysing "different layers of the urban state" and note that district authorities have a "sizable impact on the work and environs of NGOs", it is not clear what distinguishes between collaborations initiated by the two level of governments respectively and what different impact they produce. Disaggregating the local state is thus important for identifying the disparate institutional logics (and the corresponding incentives and constraints) that originate from different layers of the local state and subsequently structure the patterns of interaction with NGO partners. As Christopher Nevitt notes in his study on private business associations, "[t]he state–society paradigm is less useful than 'an institutional focus' for understanding these associations, by which he means 'a focus on the changing incentives and behaviour within the institutions of the Party-state'."[98] In a different context, Ben Hillman makes a similar observation in studying the Chinese local rural state: "[b]y conflating interests within the local state, much of the early literature overlooked the way power and interests were being reorganized within the local state and how this affected the way China was being governed."[99] In her study on Chinese NGOs, Lu Yiyi also states:

> "Analytical frameworks based on the state-versus-society dichotomy, such as civil society and corporatism, are unable to capture the complexity of the relations between NGOs, their constituencies and the state. A deep understanding of the nature and functions of Chinese NGOs requires that researchers disaggregate both state and society to take into account the diverse interests and goals within them."[100]

Second, existing works tend to assume that collaboration depends heavily on the willingness of local officials to accept the NGOs. As long as local officials gain epistemic awareness of NGOs or learn from observation and experience, they will have greater desire to engage with them. This agency-centred perspective overlooks the fact that local states are sometimes constrained by their own internal problems that prevent them from forging meaningful

[98] Nevitt, "Private Business Associations in China," 41.
[99] Ben Hillman, *Patronage and Power: Local State Networks and Party-State Resilience in Rural China* (Stanford, CA: Stanford University Press, 2014), 4.
[100] Lu, *Non-governmental Organizations in China*, 8-9.

collaboration. One important source of these problems is the fragmentation and division among different components of local states, which make coordination between different state agencies and the alignment of incentives difficult. In his classic study of policy-making in China, Kenneth Lieberthal and Michel Oksenberg argue the separation between different lines of authority at the local level "inhibits direct communication and cooperation between functional units under different ministries, as these units are parts of different *xitong*."[101] An example they give is the Guangdong provincial government, where the Electric Power Bureau would find it difficult to establish formal, direct times with the Coal Department because they are part of different ministerial hierarchies. In the case of dealing with the NGO sector, there have been cases where local territorial governments relaxed registration process for NGOs to register more easily, while the local tax authorities maintained strict taxation requirements that inhibited NGO operation. In addition, as Hasmath and Hsu point out, local states do not always have the incentives to collaborate with NGOs because it implies more burdensome administrative work and extra expenses, and it brings greater political liability on their shoulders.[102] Hence, forging collaboration with NGOs not only requires a willingness and learning capacity on the part of local officials, but also the ability and institutional arrangement to overcome the coordination and incentive problems embedded in the local state structures.

Third, because existing works do not meaningfully disaggregate the local state, they tend to conflate the variations of the state-NGO relations into a dominant framework: consultative authoritarianism, welfarist incorporation, local state corporatism or network governance. While I acknowledge their contributions in capturing various dimensions of the evolving

[101] Kenneth Lieberthal and Michel Oksenberg, *Policy making in China: Leaders, Structures, and Processes* (Princeton, NJ: Princeton University Press, 1988), 141-142.
[102] Hasmath and Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China," 941.

state-civil society relationships and it is understandable that they are never intended to explain all kinds of collaborations, I ought to challenge their limitation in differentiating between the various institutional architectures by which local states launch and sustain collaboration with NGOs, and also analyse how these arrangements shape local state behaviour and NGO strategies. A more flexible and nuanced framework is needed to account for these variations.

1.3.3 The role of local states

But despite their limitations, these works have at least highlighted the value of considering the local state as a locus of analysis for civil society development. In this study, I adopt Hsu and Hasmath's framework of local corporatist state as a starting point to analyse various forms of collaboration between local states and NGOs.[103] As the framework posits, local states play a crucial role in determining the development and success of their NGO partners. But this raises further questions: What roles do local state play? What determines the adoption? How do we conceptualize the roles that differ across local states?

China scholars have devoted much attention to the role of local states in analysing the country's economic development. In general, they argue that local states, as a result of de-collectivization and fiscal decentralization, played a proactive role in developing collectively-owned enterprises at the township and village level, which led to the spectacular process of rural industrialization in the 1980s and 1990s. Most notably, Jean Oi proposes the notion of "local state corporatism" to describe how local governments act as corporate entities to

[103] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."

spearhead rural economic take-off.[104] By local state corporatism, Oi "refer[s] to the workings of a local government that coordinates economic enterprises in its territory as if it were a diversified business corporation". In her later formulation, the concept is expanded from the *corporate* behaviour of local states in participating directly in the economy to encompass their increasingly *corporatist* role in regulating the mixture of private and collective-owned enterprises in the 1990s.[105]

While local state corporatism has become a dominant framework in analysing the role of local state in economic development, scholars also refrain from making broad generalizations about the nature of local state involvement. Local states are said to have adopted different models in promoting local economic growth. Some are described as developmental states, whereby local officials promote development indirectly through planning, financing, coordinating among institutions, and regulating the business environment, rather than being guided by profit motives.[106] Some are described as entrepreneurial, whereby officials are motivated more by self-gain and are directly involved in risk-taking economic activities by setting up their own enterprises or forming joint ventures.[107] Richard Baum and Alexei Shevchenko add two other types of involvement – clientelist and predatory – to include situations when incentives of local states are not tied to increased productivity of local enterprises.[108] While the former describes cases in which officials have clientelist ties with local enterprises, the latter refers to situations where officials engage in predatory extraction

[104] Oi, *Fiscal Reform and the Economic Foundations of Local State Corporatism in China;* Oi, *The Role Of The Local State In China's Transitional Economy*.
[105] Oi, *Rural China Takes Off*, 12.
[106] Marc Blecher and Vivienne Shue, *Tethered Deer: Government and Economy in a Chinese County* (Stanford, CA: Stanford University Press, 1996).
[107] Marc Blecher, "Development State, Entrepreneurial State: The Political Economy of Socialist Reform in Xinji Municipality and Guanghan County," in *The Chinese State in the Era of Economic Reform: The Road to Crisis*, ed. Gordon White (London: Macmillan, 1991), 215-242; Andrew G. Walder, "Local Governments as Industrial Firms: An Organizational Analysis of China's Transitional Economy," *American Journal of Sociology* 101.2 (1995): 263-301; Jane Duckett, *The Entrepreneurial State in China* (London: Routledge, 1998).
[108] Richard Baum and Alexei Shevchenko, *"*The 'State of the State'," in *The Paradox of China's Post-Mao Reform*, eds. Merle Goldman and Roderick MacFarquhar, Cambridge, MA: Harvard University Press, 1999).

on the peasantry. These findings point towards the difficulty to generalize local state involvement by any single interventionist logic. To characterize the diverse forms across and within local states, Jude Howell advances the idea of a "polymorphous state" in an attempt to describe these "complex mix of local state formations, policies and economies."[109]

In essence, these works convey two important implications. First, the components within local states matter. Not only does the local state play a more critical role than the central state in fostering economic growth, the layer within the local state that drives intervention also determine the trajectory of development. In most of these works, township and village governments have been the engines of economic growth thanks to fiscal decentralisation as well as the existing informal institutions and networks (e.g. clans and lineages). Second, the nature of local state involvement also matters. Such nature depends on their relationship with the enterprises and their stake in the overall productivity, which in turn contributes to different levels and forms of economic successes as well as state capacities. Both implications capture the simultaneously corporate and corporatist role as delineated by Oi, although their proportion vary widely across local states.

Subsequent works that analyse the emergence of China's social organizations borrow heavily on the corporatist dimension of state involvement which sees the state as exercising control indirectly through co-optation, coordination and interest licensing.[110] Corporatism is either considered in the conventional sense as a "system of representation" that allows the state to loosen up control of the economy and society by devolving powers to a large number of new intermediary organizations[111], or construed as a system of control that focuses on regulation, repression, toleration, or differentiated treatment. The corporate dimension, however, has

[109] Jude Howell, "Reflections on the Chinese State," *Development and Change* 37.2 (2006): 273-297.
[110] Baum and Shevchenko, "The 'State of the State'," 348.
[111] Unger and Chan, "China, Corporatism, and the East Asian Model," 44-51.

largely been missing. While recent frameworks such as Teets' consultative authoritarianism, Howell's welfarist incorporation and Hsu and Hasmath's local corporatist state have drawn attention to the local states' proactive role, a more complex and nuanced "state-of-the-state" framework, which encompass both the corporate and corporatist behaviours of the local state, must be employed for investigating their diverse roles in civil society development.

Identifying local state variations will hence be the core task of this study. In her study of China's state-building effort during the Republican era and post-Mao era, Elizabeth Remick conceptualizes local state variations as variations in local state structure and practice:

> "Local state structure is defined as the organization of local government: the offices within the government and the hierarchy among them. Local state practice is the way that local governments both implement higher-level policy and make and implement their own policy in areas not controlled by higher levels."[112]

Both conceptualizations are useful for dissecting the local states and analysing their involvement in civil society. On the one hand, unpacking the local state structure enables us to unravel the internal dynamics among different local state components as well as the constraints and incentives that determine their willingness and ability to collaborate with civil society actors. For instance, the functional (*tiao*) authorities can have very different action logics from the territorial (*kuai*) authorities in interacting with social organizations; and different *kuai* authorities also follow different logics depending on their incentives. Mapping these structures in turn provides the insights for explaining why local states adopt certain institutional arrangements and mechanisms to bring about collaborations with NGOs. On the other hand, focusing on the local state practice can highlight the agency of selected local officials as well as the formal and informal processes through which collaborations are maintained. For example, some local officials are more enthusiastic than others in forging

[112] Elizabeth J. Remick, *Building Local States: China during the Republican and Post-Mao Eras* (Cambridge, MA: Harvard University Asia Centre, 2004), 7.

partnerships with NGOs, partly because they are more open-minded and partly because they are exposed to greater career incentives to promote policy innovation. Moreover, certain collaborative practices are more efficacious than others, sometimes due to reduced transaction costs and sometimes due to good *guanxi* between local states and NGO partners.

1.4 Local state variation and governance capacity

Local state variation, as Remick argues, is important "because it results in variations in state-society relations and affects central state capacity."[113] On the one hand, increasing collaboration between local states and NGOs reinforces the need for an interpenetrated rather than a binary conception of state-society relations.[114] Due to the variations in local state structure and practice, local state-society relations must be differentiated rather than uniformly characterized by a single mode, as demonstrated by earlier works on the involvement of local states in state-building during Republican-era and in economic development during the post-Mao era. On the other hand, these variations generate disparate state capacities across different functional and territorial components of the state that cannot be captured by a uniform change in state capacity. In Remick's study, local state capacities are dependent on the state-building process by which "state actors make a state organization grow in size, extend its reach, and increase its functions."[115] They are hence conceptualized as a function of "the number of employees and sub-organizations within the state organization", "the state's ability to exert influence through an organizational presence at lower levels of the administrative hierarchy", and new responsibilities taken up by the state.

[113] Remick, *Building Local States*, 8.
[114] Baum and Shevchenko, "The 'State of the State'"; David L. Wank, "Private Business, Bureaucracy, and Political Alliance in a Chinese City," *The Australian Journal of Chinese Affairs* 33 (1995): 55-71; Jonathan Unger, "Bridges: Private Business, the Chinese Government and the Rise of New Associations."
[115] Remick, *Building Local States*, 12.

Although not stated explicitly, Remick's conception of state capacity resemble to a large extent what Michael Mann refers to as the state's infrastructural power, a concept which contrasts with despotic power. For Mann, while despotic power refers to "the range of actions which the [state] elite is empowered to undertake without routine, institutionalized negotiation with civil society groups", infrastructural power refers to the state capacity to "penetrate civil society and to implement logistically political decisions throughout the realm."[116] The former is characterized by "the power *over* society", or the state's autonomy to order policy choices free from societal constraints, which is consistent with the Weberian notion of a professionalized and autonomous bureaucratic state.[117] The latter emphasizes "the power *through* society", or the state's ability to control, coordinate and regulate social relations throughout the territory it claims to govern, a less developed notion among social scientists but one that warrants greater conceptual advancement.

While many scholars have engaged with this idea of state infrastructural power albeit under other terminologies such as state reach or power, they often refer it to the spatial reach of the state. A notable example is Jeffrey Herbst's study on African states, which conceives state power as the ability to "project power over distance", the lack of which will contribute to state failure.[118] Guillermo O'Donnell also identifies the territorial reach of state authority, particularly the effectiveness of law, as a key attribute of stateness.[119] In fact, Remick's conception of state capacity also shares this spatial understanding of the state. However, it

[116] Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms and Results," *European Journal of Sociology* 25.2 (1984): 188-189.
[117] Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge, UK: Cambridge University Press, 1979); Peter B. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton, NJ: Princeton University Press, 1995).
[118] Jeffrey Herbst, *States and Power in Africa: Comparative Lessons in Authority and Control* (Princeton, NJ: Princeton University Press, 2014).
[119] Guillermo O'Donnell, "On the State, Democratization and Some Conceptual Problems: A Latin American View with Glances at Some Post-Communist Countries," *World Development* 21 (1993): 1355-1369.

must be noted that a spatially extensive state does not necessarily translate into effective control or policy implementation. In the case of China, this phenomenon is captured by the proverb "heaven is high, and the emperor is far away", meaning that the central state cannot always implement its policies because local officials resist them and instead pursue their own agenda. Hence, as Joel Migdal notes, "one must be extremely cautious before equating a growing state apparatus with state predominance."[120] Migdal distinguishes between the image and the actual practices of the state: while state image projects a dominant, integrated and autonomous entity that rules a clearly defined territory, state practices involve a "heap of loosely connected parts or fragments" of the state that continuously interact, compete and collaborate with a multitude of social organizations surrounding them, such as families, clans or tribes, to obtain or enhance their power to make binding rules.[121] Conceived as such, being spatially extensive or administratively capable does not necessarily make a strong state. Its strength also depends on whether it can effectively leverage and empower social organizations that would enforce state rules on its behalf.

In short, Migdal considers state power as a function of the state's relations to social organizations and its ability to enforce rules through them. This relational conception of infrastructural power is more rigorously developed by Hillel Soifer and Matthias vom Hau, who use the idea of *organizational entwining* to describe the process through which infrastructural power is generated[122]:

> "Infrastructural power not only radiates from the administrative activities of states, it is also grounded in the organizational entwining between state and non-state actors. […] Moreover, state infrastructural power is shaped by the relationships among different state agencies themselves."[123]

[120] Joel S. Migdal, *State in Society: Studying How States and Societies Transform and Constitute One Another* (Cambridge, UK: Cambridge University Press, 2001), 66.
[121] Ibid., 22.
[122] Philip S Gorski, *The Disciplinary Revolution: Calvinism and the Rise of the State in Early Modern Europe* (Chicago, Il: University of Chicago Press, 2003), 167-168.
[123] Hillel Soifer and Matthias Vom Hau, "Unpacking the Strength of the State: The Utility of State Infrastructural Power," *Studies in Comparative International Development* 43.3 (2008): 222.

Hence, the state's infrastructural power involves not only the resources at its disposal to exercise control or enforce rules – e.g. the extractive, redistributive and regulatory capabilities – that are largely determined by the state's spatial and administrative presence. It also entails the effectiveness of the state in actually exercising control or enforcing rules, which is not so much shaped by the state's presence but by its embeddedness in society and internal coordination. Organizational entwining represents the process or mechanism through which this *relational capacity to implement state policies* can be generated and extended. On the one hand, it can occur when state actors authorize, empower or collaborate with non-state actors to enforce their rules, which include basic public goods provision, policy implementation or law enforcement. For example, as Lily Tsai shows, local states in rural China are more likely to have better public goods provision if they are embedded in solidary groups that serve as informal institutions of accountability.[124] On the other hand, it can also occur when there is stronger coordination among different state agencies in implementing policies. For instance, Andrew Mertha shows how China's soft centralization of regulatory bureaucracies up to the provincial level in the late 1990s has, to some extent, curbed local protectionism and helped to standardize policy implementation.[125]

In this study, while I employ Mann's concept of infrastructural power to compare the outcomes of local state variations, I conceptualize it less from spatial perspective but more from a relational one that focuses on the local states' organizational entwining with their NGO partners. I will discuss issues of operationalization in detail in Chapter 2.

[124] Lily L. Tsai, *Accountability without Democracy: Solidary Groups and Public Goods Provision in Rural China* (Cambridge, UK: Cambridge University Press, 2007).
[125] Andrew C. Mertha, "China's "Soft" Centralization: Shifting Tiao/Kuai Authority Relations," *The China Quarterly* 184 (2005): 791-810.

1.5 Research questions and hypotheses

Focusing on infrastructural power under local state variations will allow us to consider the local corporatist state as an independent variable to consider the impact of state-NGO collaborations on authoritarian regimes. Given the above empirical and theoretical questions, I propose four research questions to analyse the collaborations between local states and community-based NGOs as well as their subsequent arrangements, interactions and impact. *First*, from a macro perspective, what explains the Chinese government's recent advances into collaborating with NGOs to provide social services? What are the rationales and principles behind its call for "social governance"? *Second*, given the differing political contexts across localities, the implementation of social service procurement will vary. Responding to the same call for social collaboration, why do local states adopt different institutional arrangements to initiate and manage collaborative projects with NGO partners? How do the structure of local states and preferences of local officials shape their choice of collaborative frameworks? *Third*, how do these local state variations contribute to different propensity of local states and their ability to augment the state's infrastructural power? *Fourth*, while community-based NGOs tend to have weak bargaining power vis-à-vis their local state sponsors, some of them have attempted to strive for larger autonomy and engage in rights or policy advocacy. How does the variation of collaborative frameworks employed by local states shape NGO strategies to promote their goals?

This study makes four major arguments. First, in the absence of democratic transformation, social governance is aimed as a stopgap political reform to increase welfare provision through government support on the one hand and the participation of social forces on the other. It is marked by a shift from a statist approach of coercion and welfare provision to a

new approach that emphasizes collaboration with NGOs in service provision and the *ex-ante* prevention of social instability. Community-based NGOs are selected as partners of the state because they are in the position to combine the top-down social governance reform and the bottom-up community building initiative. Given the salient role of the Party-state in these collaborations, social governance thus entails not the retreat of the state, but rather a process of reconfiguration through which local states advance through their partnering social forces to penetrate the grassroots.

Second, I argue that local states adopted different institutional arrangements to engage in collaboration with NGOs depending on their political structure and the strategic choice of local officials. In big cities like Guangzhou, the fragmented *tiao-kuai* relationship and the lack of fiscal incentives at the lower-level governments prompted the upper-level local state to drive NGO procurement and introduce a market-based mechanism both to diffuse incentives and standardize service collaboration with NGOs across reluctant territorial governments. In small localities like Nanhai, fiscal decentralization at the territorial level, aligned incentives across different level of governments for state-making in rural villages, career motivations among local officials have fuelled the territorial local states to pioneer and drive NGO collaborations. This has not only resulted in a more a diversified array of services than in Guangzhou, but also more hands-on and dynamic collaborations with NGOs.

Third, these institutional arrangements have produced different kinds of local corporatist state. I propose a typology that depends on two variables to capture these variations. The first variable considers the institutional configuration of the local state, particular whether the local territorial state has the incentives to initiate collaboration with NGOs. The second variable is the strategic choice of how the initiating agency manages the partnering NGOs,

either *directly* by state agencies or *indirectly* through intermediary organizations established or sanctioned by the local state. I argue that the resulting variations give rise to different involvement strategies of the local states – regulatory, clientelist and developmental. These strategies will in turn shape varying extent of infrastructural power.

Fourth, although in principle NGOs have weaker bargaining power in their interactions with local states, they are mostly able to enjoy a considerable level of operational autonomy and some have employed strategies to expand their autonomy and exert influences in policy making. I argue that local state variations are important for shaping the strategic interaction between states and NGOs and predicting potential policy changes. While local states leverage NGOs to serve their interests, NGOs also strategize during their collaborations with local states to pursue their goals. Some are successful in influencing local public policy, while others are less so either because they are restrained by the local states or because of state repression.

1.6 Outline of the study

In the pages that follow, Chapter 2 is devoted to a discussion of the research design and methodology, including case selection, data collection, and the potential limitations. Chapter 3 examines the origins of "social governance" as a policy imperative, explaining how it fuels the development of community-based service NGOs while challenging the accepted wisdom that the policy is leading towards the goal of "small state, big society". Chapter 4 explains the rise of service NGOs in Guangzhou under the city's massive service procurement program and gives a preliminary evaluation on its implementation in residential neighbourhoods. Chapter 5 examines the contrasting pattern of state-NGO collaborations in two localities in

Nanhai and explains why they have adopted a decentralized model that brought about a more diverse range of social services. Chapter 6 theorizes these diverse collaborative practices as varieties of local state corporatism. By capturing these variations in a typology that depends on how collaborations with NGOs are initiated and how they are managed, it argues that different configurations will have different impact on the local states' governance capacity.

Chapter 7 shifts the analytical focus to NGOs. It shows how most service NGOs, due to the reliance on government mandates, tend to focus on securing public funding for organizational survival and expansion, rendering them more likely to be docile service providers rather than progressive civil society actors. The abrupt expansion of the sector also raises questions about the quality and governance of NGOs, especially where local states have weak monitoring mechanisms. Chapter 8 shows how NGOs with grassroots background or external linkages have attempted to use service as a strategy to engage in rights or policy advocacy. However, although these NGOs employ tactics tailored to the collaborative relationships with the respective local states, they have experienced success only under limited institutional contexts; in others, local states have either constrained their activities or even repressed them, leaving them little room to pursue "service activism". Chapter 9 concludes by considering the implication of increasing state-NGO collaborations on the adaptive capacity of the CCP in light of recent trends in China's civil society.

Chapter 2 Research Design and Methodology

This study examines the impact of state-NGO collaborations on the governance capacity of the Chinese local states to provide social service and enable policy changes. A key hypothesis is that while state-NGO collaborations generally have a positive impact on local states' governance capacity, the extent of such impact varies across different modes of collaborations employed by local states. Under this causal logic, state-NGO collaboration serves as the *independent variable*, while governance capacity will be analysed as the *dependent variable*. In this chapter, I will first operationalize this pair of variables, after which I will proceed to the discussion of the research methodology and data.

2.1 Research Design

As the independent variable, state-NGO collaborations are conceptualized as the formal partnerships between local states and community service NGOs across a range of issue areas, including migrant labour, migrant children, drug rehabilitation and youth delinquency. The concept contains two key dimensions. The first dimension deals with the local state, specifically concerning how they initiate and maintain collaborations with NGOs, which vary widely across different local states. These variations can be captured by two variables. The first variable is *whether a local territorial state has the incentive to initiate collaboration with one or more NGOs*. This variable essentially disaggregates the local state into mainly its territorial (*kuai*) and functional (*tiao*) components and looks at where within this *tiao-kuai* matrix NGO collaboration occurs, if at all. As the lowest-level state unit in the administrative hierarchy which is closest to the grassroots, the local territorial state decides whether to

initiate collaboration with service NGOs in their jurisdiction. When the territorial component has the fiscal and/or administrative incentives, then collaboration will be initiated by the territorial state in a decentralized manner; but when it does not, then incentives must be trickled down from the functional component to initiate the collaborations in a centralized manner, or else they would not occur.

The second variable concerns *how the collaboration with NGOs is being mediated*. Generally speaking, under these collaborations, local states no longer manage NGOs through the conventional corporatist approach, treating them as merely "transmission belts" that execute government orders. Instead, they mediate NGOs through government procurement, a marketized mechanism that selects and disciplines these potential or existing partners. Hence, to understand how these collaborations are changing state-society relations, one ought to examine how these procurement programs operate and how they exercise the functions of control and empowerment, both in terms of formal rules and informal interaction. However, even adopting the broad framework of procurement, a local state can choose between managing NGO either in a more statist or less statist arrangement. It can choose to manage its partners directly by state agencies or indirectly through intermediary organizations which are established or sanctioned by it. When the local state choose to mediate collaborations indirectly, it is likely to create greater spaces for NGOs that operate on a more diverse range of issues and more rooms for them to engage in policy advocacy.

These two variables, as I demonstrate in Chapter 6, are crucial in determining local state's involvement strategies in the social sector, which in turn shape different degrees of governance capacity, the dependent variable that I will come to in a moment. But before I do so, one must also consider the other dimension of state-NGO collaborations. This second

dimension concerns the NGOs, in particular the type of NGOs with which the local states collaborate, the kind of services they offer and the strategies they employ, if any, to negotiate autonomy or exercise their civil society functions, such as policy advocacy or rights activism. Such dimension essentially serves as a set of intervening variables – because while NGO activities do not typically influence a local state's involvement strategies (as the local state is always at commanding height to sanction and control NGO activities), they can nevertheless have an indirect impact on its governance capacity. We can well imagine a situation where, given a specific involvement strategy, an NGO-delivered service with high quality and high popularity among citizens can make the local state more capable in meeting citizens' service needs.

As the dependent variable, governance capacity is conceptualized as the ability of the local state in mobilizing NGOs to implement and improve state policies. The term "governance capacity" could at first appear to be a vast and vague concept, because "governance" covers a wide range of state functions, including basic public goods provision (e.g. water, roads, education, and medical services), public security, and taxation. In this study, I choose to focus on a narrow aspect of governance capacity –specifically the capacity to mobilize NGOs in providing social service and making policy improvements. Such conceptualization helps to capture the relational nature of infrastructural power. While this dimension does not necessarily reflect the level of the Party-state's governance capacity in other aspects or in general, it has revelatory implications for the ability of the Party-state to extend its reach through non-state actors, making it more adaptive in responding to new social challenges and demands.

Hillel Soifer distinguishes three approaches through which scholars apply the concept of infrastructural power: 1) national capabilities, 2) weight of the state, and 3) subnational variation.[126] The national capabilities approach "highlights the relationship between the 'commanding heights' of the state and its institutions of control over society." It focuses on the resources that are available to the central state but are invariant within the country, gauging the level of such resources with measures such as GDP per capita[127], government revenue and expenditure[128], the capacity of the tax bureaucracy[129], and state antiquity[130]. But as discussed in Chapter 1, this resource-based approach merely estimates the supposed capacity of the state, but do not consider "the effect on the population it seeks to control."[131] Hence, the weight-of-the-state approach was employed to remedy this shortcoming by capturing "how much the radiating state institutions weigh on societal actors." Instead of focusing on the state's capabilities, this approach gauges the outcomes of state policy on society, with measures such as the effects on identity[132], primary school enrolment[133] and the extent of policy distortion at the local level[134].

However, both approaches might not be suitable for measuring governance capacity of Chinese local states induced by their collaboration with NGOs. On the one hand, it is difficult to consider local state-NGOs collaboration purely from a resource-based approach because

[126] Hillel Soifer, "State Infrastructural Power: Approaches to Conceptualization and Measurement," *Studies in Comparative International Development* 43.3-4 (2008): 231-251.
[127] James D. Fearon and David D. Laitin, "Ethnicity, Insurgency, and Civil War," *American Political Science Review* 97.1(2003): 75-90.
[128] Michael Mann, *The Sources of Social Power* (Cambridge: Cambridge University Press 1993).
[129] Carmenza Gallo, *Taxes and State Power: Political Instability in Bolivia 1900–1950* (Philadelphia, PA: Temple University Press; 1991).
[130] Areendam Chanda and Louis Putterman, "State Effectiveness, Economic Growth, and the Age of States," in *States and Development: Historical Antecedents of Stagnation and Advance*, eds. Matthew Lange and Dietrich Rueschemeyer (Basingstoke: Palgrave MacMillan), 69-91.
[131] Soifer, "State Infrastructural Power," 238.
[132] Eugen Weber, *Peasants into Frenchmen: The Modernization of Rural France, 1870-1914* (Stanford, CA: Stanford University Press, 1976).
[133] James Franklin, "Repertoires of Contention and Tactical Choice in Latin America, 1981–1995," *Research in Social Movements, Conflicts, and Change* 35 (2013): 175-208.
[134] Mary K. Vaughan, *Cultural Politics in Revolution: Teachers, Peasants, and Schools in Mexico, 1930-1940* (Tucson, AZ: University of Arizona Press, 1997).

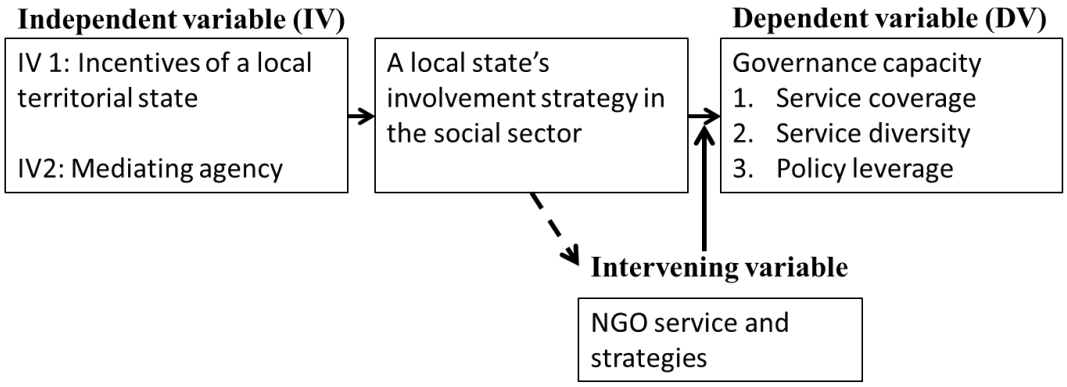
the increment of NGO partners does not necessarily increase state power in a linear fashion. Although more NGOs providing services on the state's behalf implies that the state has more resources at its disposal, it is difficult to know how they can be translated into state power without knowing what NGOs actually do and how well they perform their task. On the other hand, the weight-of-the-state approach is also problematic because it is hard to discern the effects of NGOs on the population, which are often preventive in nature and hardly immediate. Furthermore, it is difficult to isolate their effects from other factors that help to improve governance, such as better government welfare.

These problems could be circumvented by building on the subnational variation approach. According to Soifer, this approach focuses on "the uneven reach of the state in terms of its capabilities to exercise control over its territories." It strikes a middle ground between the resource-based and weight-based approach, but seeks to "maintain a view of power based on the capabilities of the state rather than measuring state power in terms of its effects." One way of operationalization, for example, looks at the territorial variation in state power, employing measures such as the state's coercive capacity[135] and road density[136]. Here, the two approaches are superimposed with each other in the sense that greater state reach in some regions could imply greater ability to make impact on the population of those regions. But essentially, such causal relation is at most implied, and the same problems from the resource-based approach have reappeared. Hence, while I employ Soifer's subnational variation approach to conceptualize governance capacity, I alter it slightly by developing a composite measure that not only varies territorially but also combines both state capability and impact.

[135] James Goodwin, *No Other Way Out: States and Revolutionary Movements 1945–1991* (Cambridge, UK: Cambridge University Press; 1999).
[136] Herbst, *States and Power in Africa*.

Using this refined approach, I operationalize governance capacity in three dimensions: 1) *service coverage*, 2) *service diversity*, and 3) *policy leverage*. Each dimension refers to an aspect of a local state's governance capacity that it induces through the collaboration of NGOs. First, *service coverage* is a variable determined by the extent of the coverage of NGO-delivered social services that a local state offers. This is a resource-based, and often the most basic, variable because it considers the ability of the local state to radiate any kinds of NGO services within its jurisdiction, regardless of their outcomes. Higher service coverage means greater territorial reach of state-sponsored NGOs that provide services at the disposal of the local states. Second, *service diversity* is a variable determined by the variety of services offered by NGO partners. Diversity is low when only one or very few types of NGO-delivered services are available and high when services are wide-ranging and diversified, covering more citizen groups. While this variable appears to be resource-based as greater service diversity implies that local states are more attentive to needs, it also reflects a small measure of state impact because it also implies greater ability of the state to satisfy citizens' heterogeneous needs. Third, *policy leverage* is a variable determined by the extent to which NGOs collaborating with the local state can undertake policy advocacy or contribute to the policy-making process, on top of service provision. This variable is surely impact-based and represents the most profound aspect of governance capacity, since it concerns the ability of the local state to seek policy improvements through NGO partners. Policy leverage is high when NGOs are given substantial space under the by the institutional arrangement to engage in policy advocacy, but low when their space for policy advocacy is greatly inhibited. As I will be in Chapter 6, these three dimensions vary across local states. In addition, their variance can be explained by the local states' involvement strategies, the independent variable, which is determined by the local political configurations and the strategic choices by local officials.

In sum, I illustrate these causal relations in the following graph:



2.2 Methodology and data

This study employs the comparative case study method, which is defined as "the study of numerous cases along the same lines, with a view to reporting and interpreting numerous measures on the same variables of different 'individuals'."[137] While the case study method has been traditionally viewed as lacking rigour and generalizability when compared with other social science research methods, scholars have argued that it has important contributions to theory building and testing.[138] With increasing application and refinement, case studies have become one of the key research methods in the social sciences. The use of case studies has also been popular among students of Chinese politics[139], not only because the lack of high quality data has prevented scholars from using survey methods more widely, but

[137] Harry Eckstein, "Case Study and Theory in Political Science," in *Handbook of Political Science vol. 7*, eds. Fred Greenstein and Nelson Polsby (Reading, MA: Addison-Wesley, 1975), 79-137.
[138] Kathleen M. Eisenhardt, "Building Theories from Case Study Research," *Academy of Management Review* 14.4 (1989): 532-550; Arend Lijphart, "The Comparable Cases Study in Comparative Research," *Comparative Political Studies* 8.2 (1975): 133– 77.
[139] Notable works that utilize the case study method includes Tsai, Accountability without Democracy; Hillman, *Patronage and Power*; Jie Lu, *Varieties of Governance in China: Migration and Institutional Change in Chinese Villages* (Oxford, UK: Oxford University Press, 2014).

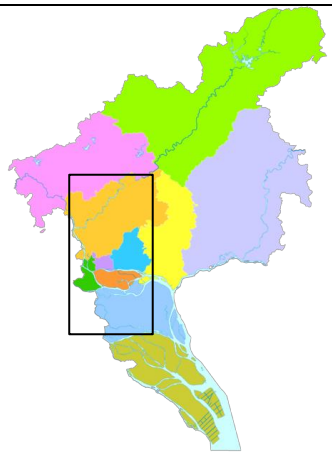
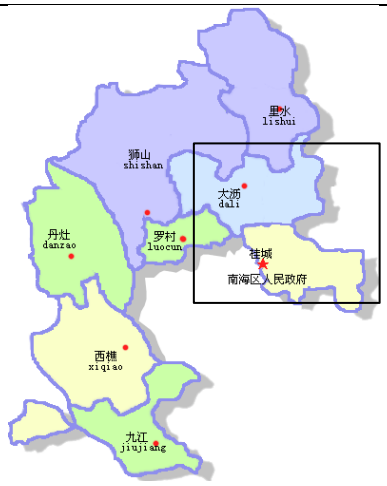
also because they are particularly suited for comparing subnational variations in the diverse and fragmented country.

In this study, the focus on the strategies of different local states in developing the social sector makes the case study method a particularly appealing option. Yet, while multiple case studies allow us to compare practices across different local states, the fact that local states contain disparate components that have meaningful differences renders greater methodological care. To capture these disparate units embedded within cases, this study adopts the "embedded multiple case studies" design as suggested by Robert Yin, which involves both multiple cases of analysis that contain multiple units respectively.[140] As Yin states, "[w]hat distinguishes this type of analysis is that the unit of analysis is clearly embedded within a large case, and the larger case is the major interest of the study."[141]

I focus on two local states, Guangzhou and Nanhai, which are both located in Guangdong Province, as the two underlying cases. Following Remick, I also employ the term "local state" instead of "local governments" to emphasize the state-ness of Chinese localities. Although "local states" lack sovereignty, the use of the term "emphasizes the possibility of independent action and highlights the aspects of their actions that help define […] what a state is: it maintains internal order, administers justice, provides public services, regulates markets, and extracts revenue in order to do those things."[142] To add to this justification, the term "local states" also appears to better convey the impression of the diverse components within them than "local governments", which tends to invoke the image of the administrative bureaucracy.

[140] Robert K. Yin, *Case Study Research Design and Methods* (Thousand Oaks, CA: Sage Publications, 2003).
[141] Ibid., 115.
[142] Remick, *Building Local States*, 7.

Each of the two cases contains a number of embedded units. In the first case of Guangzhou, I examine 22 street-level neighbourhoods that spread across six districts, as the within-case units of analysis to observe state-NGO collaborations. The large number of embedded units is intended to reflect the fact that Guangzhou is a large locality with 11 administrative districts, containing more than 170 street and township governments. The six districts where I selected for fieldwork constitute the central part, or the older and more urban region, of Guangzhou, which help us to derive more representative insights for the local state. However, considering the trade-off that studying more units could sacrifice the depth of understanding of each unit, I focus specifically on six street-level neighbourhoods for site-intensive study, where I paid repeated visits and conducted multiple interviews. Taken together, the insights collected from all units can be generalized into learnings about Guangzhou's involvement strategy in the social sector.

Map 1: Map of Guangzhou (The six districts in central Guangzhou included in the study is highlighted in the box)	Map 2: Map of Nanhai District (Guicheng and Dali are highlighted in the box)
	

In the second case of Nanhai, I focus on only two out of its eight sub-districts – a street-level government and a township government – as embedded units. The reason for selecting much fewer embedded units of analysis in Nanhai is that the weight of street/township governments in the local state is greater than that of Guangzhou. As will be explained later, not only are these sub-district jurisdictions bigger in terms of geographical size, they also enjoy more administrative and fiscal autonomy which allows them to design their own developmental strategies in the social sector. On the other hand, although they contain a number of sub-units (communities) where state-sponsored NGOs operate, they should be regarded as the unit of analysis because they are the level of administrative body that engage with NGO partners directly. Due to the much smaller number of embedded units, more site-intensive fieldwork was conducted in them to increase the "thickness" of analysis. In sum, I summarize the two cases and their embedded units in the Table 1:

Table 1: Cases and embedded units

Case 1: Guangzhou	**Case 2: Nanhai**
Baiyun District	Guicheng Street*
Sanyuanli Street*	Dali Township*
Jingtai Street	
Tangjing Street	
Haizhu District	
Xingang Street (North)*	
Xingang Street (South)*	
Fengyang Street	
Huangpu District	
Dasha Street	
Huangpu Street	
Yuzhu Street	
Liwan District	
Longjin Street	
Huadi Street	
Dongjiao Street	
Fengyuan Street	
Tianhe District	
Xiancun Street*	
Shipai Street	
Shadong Street*	
Yuexiu District	
Huanghuagang Street	
Liuhua Street	
Jianshe Street	
Hongqiao Street*	
Beijing Street*	
Baiyun Street	

*denotes street/township-level neighbourhoods where site-intensive fieldwork was conducted

The two cases are compared on the basis of the most similar systems design, which is used for comparing similar cases that only differ in the dependent variable. Although admittedly the two cases have substantial differences in, for example, their geographical size and position in the administrative hierarchy, they are similar in terms of possessing high level of administrative autonomy and having invested tremendous efforts in developing the social sector, in particular state-NGO collaborations. In the next section, I will further explain why their differences can and should be tolerated. At the analytical stage, I will utilize what George and Bennet refers to as the "building block" approach in the case study method that allows us to build a typology of social sector strategies employed by different local states. According to this approach, "[e]ach block – a study of each subtype – fills a 'space' in the overall theory or in a typological theory. In addition, the component provided by each building block is itself a contribution to theory; though its scope is limited, it addresses the important problem or puzzle associated with the type of intervention that led to the selection and formulation of the research objective."[143]

2.2.1 Case selection

More must be explained with regards to the case selection. To begin with, Guangdong Province occurred to me as a suitable starting point for studying state-NGO collaborations because it has been the pioneer of China's economic and social reforms for the past several decades. The province has enjoyed a high level of economic development, promulgated supportive government policies towards social sector reforms, and nurtured a vibrant civil

[143] Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005), 78-79.

society with a large number of NGOs under its relatively relaxed environment. Within Guangdong, I narrow my focus on two localities, Guangzhou, the municipality of the province, and Nanhai, a district under the prefectural city of Foshan. First, the choice of Guangzhou is rather straightforward. As the provincial capital (*shenghui* 省会), Guangzhou is the frontrunner of the province in initiating market and social reforms. Although the pace of reforms might be more gradual than other Guangdong localities, reforms in the municipality often carry immense political importance not only because they represent the province, but also because they can be replicated in other large municipalities. This status makes its social sector reform particularly worthy of attention. Guangzhou was one of the earliest Chinese cities to reform community social service provision and initiate collaborations with NGOs in each street-level neighbourhood. After introducing a pilot program in 2008 in which 20 neighbourhoods were selected to establish NGO-run community service centres, the municipal government decided to expand the program to all of its neighbourhoods in 2012. The ambitious scale of state-NGO collaborations, and the boldness involved, certainly represents the first in its kind in China, and this makes a strong case for greater analytical attention.

While Guangzhou seems a natural choice, the choice of Nanhai, a district-level locality, as the other case could raise methodological doubts, mainly because it is odd to compare a municipality and a district due to their different sizes, demographic makeup and political importance. However, there are good reasons why the comparison is justifiable for this study. First, the comparison between the two cases is made on the basis of why and how they, and their embedded units, engage with NGOs for collaborations. Although their geographic, demographic and political differences could seem to undermine the validity of the

comparison, my focus is rather on the involvement strategies of the local states in the social sector, to which these contextual differences might also contribute.

Second, despite its administrative denomination as a district, Nanhai behaves like a municipal-level government in practice with weak control exerted from the city of Foshan. Historically, Nanhai is an ancient county in Guangdong that has existed since the Qin Dynasty, long before the founding of Foshan itself. During the pre-reform era after 1949, Nanhai was designated as a rural county of Foshan city; but it later underwent two major administrative reordering after China's "reform and opening up". In 1992, as a result of rapid industrialization, Nanhai was promoted to a county-level city directly subordinate to the provincial government in the hopes of granting greater financial autonomy and administrative flexibility to the locality. This helped to boost Nanhai's economic incentives and transform the former county into one of wealthiest regions in China, backed by strong finances. But in 2002, in order to facilitate the urban integration between Guangzhou and Foshan (*guangfo tongchenghua* 广佛同城化), Nanhai was subsumed under the policy of placing counties beneath cities (*shiguan xian* 市管县) and was once again consolidated under Foshan prefectural-city, but this time as a district. However, despite the objective to enhance the prefecture-level's control over counties, Nanhai – given its long history and strong economic track record – has been able to preserve its administrative autonomy as a *de facto* city vis-à-vis the upper-level government.[144]

Third, like Guangzhou, Nanhai has been among one of the most progressive localities in terms of promoting social service reforms. With a thriving industrial economy and a burgeoning migrant population, the local government has been pressed by an urgent need to

[144] Tao-chiu Lam, "Panyu and Nanhai under reform," in *Cities in Post-Mao China: Recipes for Economic Development in the Reform Era*, ed. Chung Jae Ho (Abingdon: Routledge, 2005), 270-271.

invigorate the social service provision. Beginning in the late 2000s, some street and township-level governments have begun to collaborate with NGOs by contracting out service delivery in residential neighbourhoods. Learning from the experiences of Guangzhou, Hong Kong and Singapore, these bottom-up initiatives quickly caught the attention of the district and provincial authorities, and were extended to other townships in the years to follow. In August 2011, the Guangdong provincial authorities chose Nanhai District to be an "experimental spot" (*shidian* 试点) for social governance innovations.

While both Guangzhou and Nanhai witnessed rapid growth in the service NGO sector, their different collaborative approaches with NGOs have led to rather different patterns of civil society. This warrants a comparative lens to examine what have caused the differing modes of state-NGO collaboration and what have resulted from these variations. In Guangzhou, service procurement was initiated by the municipal Civil Affairs authorities and has employed a standardized, project-based approach requiring each street-level governments to establish an NGO-run community service centre in their neighbourhoods with the same amount of funding and same specifications of personnel and service content. In 2012, the procurement program has been expanded to over 160 street neighbourhoods. In each neighbourhood, the communist service centre now provides professional social work services for three main groups – youth, family and the elderly – together with some neighbourhood-specific services.

Nanhai has also employed project-based procurement from social service NGOs since the late 2000s. But different from the top-down, standardized approach used in Guangzhou, Nanhai has witnessed a much more decentralized development in which the sub-district governments – street-level and township-level governments – have been the driver of NGO

procurement. These sub-district governments design their own procurement program, develop their own connections with NGOs, and sometimes serve as an incubator for young organizations. Such a decentralized approach has also resulted in varying strategies in between sub-district governments, leading not only to local state variations but to more innovative and diverse patterns of civil society development. In some sub-districts, local states have very close relationships with social service NGOs both in an administrative and a physical sense. Sometimes NGOs are physically integrated into the residents committees as one-stop community service hub for residents, and sometimes they even receive direct instruction from local officials. In some other sub-districts, however, local states keep a deliberate distance from NGOs and instead use intermediary agents to cultivate its local civil society. These local state variations have opened a window for comparative research.

2.2.2 Data collection

I carried out my fieldwork in the two localities from March 2014 to August 2015 on repeated trips from Hong Kong. My main data collection methods are semi-structured interviews and archival research. In total, I conducted 73 semi-structured interviews with NGO leaders and workers, government officials and academics, the details of which are listed in Table 2. Each interviews lasted on average 1.5 to 2 hours, and some of them are follow-up interviews conducted on the same person. For archival research, I relied upon official policy and legal documents, NGO publications, local newspapers, and Chinese academic papers, some of which can be accessed online through relevant government websites and some are collected throughout my fieldwork. I also utilized statistical data published by the China's National Bureau of Statistics or relevant ministry and bureau websites.

NGO leaders and employees comprise my main interview target. I am most interested in this group because they can offer much information about the services they provide, the strategies they use to provide them, and the way they interact and negotiate with the local states or other actors. Such knowledge could subsequently allow me to analyze both local state involvement strategies and the amount of space that NGOs enjoy for pursuing their civil society functions. This group of interviewees is also easy to access, and likely to open up as long as they know you are referred by trusted friends or colleagues. However, when I pose questions related to their opinion about local governments, some of the interviewees did become cautious, likely because they were concerned that my research output could, in some ways, harm their relationship with the officials. Furthermore, to understand the relationship of the social service sector with the grassroots civil society, I also interviewed a number of grassroots NGO workers and civil society activists, and also NGOs from Hong Kong that have played a supportive role for many service NGOs in Guangdong.

Another important interview target are local government officials who focus on managing the social service sector, including Civil Affairs Bureau officials, street government officials and residents' committees staff. This group of interviewees can provide the statist perspective on how they perceive and interact with NGOs, thus allows me to more accurately delineate local state involvement strategies. Although these accounts often provide valuable and rare insights that are unlikely to be offered by NGO workers, it is generally difficult to interview government officials in China because they are wary of speaking to strangers, especially researchers from foreign universities. While my affiliation with a local university had definitely helped to gain some level of access, I was rejected for numerous interview requests with officials due to my background as a Hong Kong citizen, which is still perceived to be sensitive though not to the extent of being a foreigner.

I accumulated my interviewees through the method of snowballing. As soon as I arrived in Guangzhou in April 2014, with the help of Professor Ngok King Lun, a social policy specialist at Guangzhou's Sun Yat-sen University, I became an associate researcher at his School. Professor Ngok has conducted extensive consultation projects with local governments in Guangdong Province, particularly Guangzhou and Nanhai. Thanks to his advice and referrals, I was able to gain access to the Yuexiu District Civil Affairs Bureau, for which he was advising a project regarding the district's community service provision. Professor Ngok invited me to two of their meetings, where I met helpful officials who introduced me to a number of street neighbourhoods in Yuexiu District that set the stage of my research. It was also through my interviews with these officials that I began to become aware that local states, and often particular officials, had devised their own strategies to develop the social sector.

After these interviews, I often requested for the brochures and reports that were available at the service venues, and asked my interviewees if they could refer their friends and colleagues who work at other service NGOs. As Guangzhou is a sprawling city that consists of many districts, I specifically asked for contacts in NGOs that are outside of Yuexiu District, but still lie within the central region – in districts such as Haizhu, Liwan, Tianhe, Baiyun and Huangpu. Within a year's time, my sample in Guangzhou was able to cover street neighbourhoods that stretched across six districts. At the same time, aiming to find a case to compare with Guangzhou, I was advised by Professor Ngok and other researchers to pay attention to Nanhai, a district-level locality that neighbours Guangzhou, was also being carried out, albeit in a different manner.

In Nanhai, with the help of a Hong Kong NGO interviewee, I began my fieldwork in two community-based service NGOs in Dali Township. Compared with Guangzhou, these NGOs have much closer working relationships with the local government, and are sometimes even physically integrated within government premises. As I later observed, Nanhai's social sector development is much more decentralized in that township governments have substantial autonomy to devise their own strategy in collaborating with NGOs, which, as I argue, is the reason that gives us to the diverse characteristics between the state-NGO collaborations under different township/street-level governments. In Dali Township, I was introduced to NGO informants in Guicheng Street, the neighbouring sub-district in Nanhai, who helped me to gain foothold to conduct interviews with a number of service NGOs as well as local officials. Overall, I visited over 25 street/township-level neighbourhoods in Guangzhou and Nanhai, participated in two officials' meetings, attended several NGO evaluation sessions with third-party supervisors, and conducted 73 semi-structured interviews, including those conducted in Hong Kong.

2.3 Limitations of this study

While state-NGO collaboration in authoritarian contexts has been a subject of research for scholars, this study is, to my knowledge, the first to explore different local state strategies in developing the social sector and their varying impact on their governance capacity. Nonetheless, there are several issues that I could not or did not explore during my fieldwork.

First, this study is limited in terms of its geographical coverage of local states. While it intends and claims to capture the diverse practices of state-NGO collaborations, my fieldwork was confined to Guangdong Province – and particularly Guangzhou and Nanhai. This means

that collaborative modes and practices in Beijing, Shanghai or other major Chinese cities cannot be examined or theorized in this study. Even within Guangdong Province, local states other than Guangdong and Nanhai are likely to have employed different collaborative strategies in cultivating the NGO sector. For example, in Zhongshan, a prefecture-level city south of Guangzhou, the local Communist Youth League has played an important role in incubating and coordinating service NGOs in the locality. Hence, while the case studies and typology provided by this study indicate the diversity of state-NGO collaborative practices, I do not intend to generalize them to all Chinese local states. Instead, this study could be considered, at best, as a starting point to explore local state variations.

Second, this study has largely focused on either the territorial or functional units of the local state when considering its collaboration with NGOs. As the case of Zhongshan suggests, Party-led mass organizations or GONGOs, such as the Communist Youth League, the Women's Federation and the All-China Federation of Trade Union, have all diversified away from their core portfolio and initiated collaborations with NGOs in order to respond to new social needs. In Guangzhou, for example, the Communist Youth League in Haizhu District began to collaborate with Qichuang, a service NGO that would also be featured in this study, to offer youth services within the district. As these mass organizations tend to have greater incentives in policy innovation and more flexibility in managing NGO partners, collaborative practices could be very different from those initiated by territorial or functional local states. While this study only offers a glimpse at this type of collaborations, future research may find out more about why they are initiated and how they are implemented.

Third, while this study intends to examine the outcome of state-NGO collaboration in terms of governance capacity, it does not do so by measuring citizens' satisfaction with state-

sponsored NGO services. The reason is not only that citizens' satisfaction is difficult to measure without large-N surveys, but also that it is a poor reflection of a local state's governance capacity. On the one hand, given their early development stage, there might be relatively few citizens who have personal experience with NGO services, and those who have benefited from it are likely to have high satisfaction since there was no such service previously. On the other hand, citizens' satisfaction also depends greatly on their experience with particular NGOs, which varies widely with service quality and professional calibre. Hence, even though it might tell us something about how specific NGO services are run, it does not tell us much about their contribution to governance capacity. To measure the governance capacity induced by state-NGO collaborations and compare across local states, this study chooses to examine from the perspective of how services are provided in relation to the local state, namely by measuring its geographical coverage, diversity and ability to induce policy improvements.

There are, without a doubt, many more limitations to this study that the reader will discover in the following chapters. I hope that these limitations will serve to point other researchers in directions that can expand our understandings of civil society development in contemporary China.

Table 2: List of Interviewees

No.	Date	Location	Name of Interviewee	Position	Affiliation
1	13 March 2014	Guangzhou	Ms. Sun	Government official	Civil Affairs Bureau, Yuexiu District, Guangzhou
2	13 March 2014	Guangzhou	Mr. Liang	Government official	Civil Affairs Bureau, Yuexiu District, Guangzhou
3	20 March 2014	Guangzhou	Ms. Sun	Government official	Civil Affairs Bureau,Yuexiu District, Guangzhou
4	16 May 2014	Guangzhou	Prof. Ngok	Academic	Sun Yat-sen University
5	23 May 2014	Guangzhou	Ms. Qiu	NGO staff (Associate	Zhongda Social Work, Beijing Street Community

				Director)	Centre (Yuexiu)
6	23 May 2014	Guangzhou	Ms. Che	NGO staff (Director)	Swan Social Work, Huanghuagang Street Community Centre (Yuexiu)
7	29 May 2014	Guangzhou	Ms. Li	NGO staff (Director)	Zhongda Social Work, Xiancun Street Community Centre (Tianhe)
8	29 May 2014	Guangzhou	Ms. Feng	NGO staff	Swan Social Work, Migrant Worker Community Centre (Yuexiu)
9	30 May 2014	Guangzhou	Ms. Yang	NGO staff (Director)	Yixin Social Service, Liuhua Street Community Centre (Yuexiu)
10	30 May 2014	Guangzhou	Ms. Zheng	NGO staff	Sunshine Social Work, Jianshe Street Community Centre (Yuexiu)
11	31 July 2014	Guangzhou	Ms. Leung Chau Sha	NGO leader	International Social Service, Hong Kong
12	01 August 2014	Guangzhou	Ms. He	NGO staff	Richmond Fellowship, Guangzhou
13	02 September 2014	Shunde	Ms. Zhu	Government official	Social Affairs Committee, Daliang Street, Shunde District, Foshan
14	02 September 2014	Guangzhou	Ms. Chan	NGO staff (Director)	Growth Power, Guangzhou
15	04 September 2014	Dali, Nanhai	Ms. Tan	Government official	Residents' Committee, Lixiong Community, Dali Township
16	04 September 2014	Dali, Nanhai	Mr. Sen	Government official	Residents' Committee, Jiayi Community, Dali Township
17	04 September 2014	Dali, Nanhai	Ms. Jing	Government official	Residents' Committee, Jiayi Community, Dali Township
18	04 September 2014	Dali, Nanhai	Ms. Lin	NGO staff (Director)	Dream Home, Jiayi Community, Dali Township
20	10 December 2014	Chancheng, Nanhai	Mr. He Xiaobo	NGO leader	Nanfeiyan Social Work, Foshan
21	11 December 2014	Guangzhou	Ms. Li	NGO staff (Associate Director)	Guangdong Harmony Foundation
22	08 January 2015	Guangzhou	Prof. Zhu	NGO leader	Sunshine Social Work, Guangzhou
23	08 January 2015	Guangzhou	Mr. Zhang	NGO staff (Director)	Anyongxin Social Work, Hongqiao Street Community Centre (Yuexiu)
24	08 January 2015	Guangzhou	Mr. Chen	Government official	Hongqiao Street Government, Yuexiu District, Guangzhou
25	13 January 2015	Guangzhou	Mr. Jia	NGO staff (Director)	Qizhi Social Work, Shipai Street Community Centre (Tianhe)
26	13 January 2015	Guangzhou	Mr. Da Mao	NGO staff (Associate Director)	Qizhi Social Work, Shipai Street Community Centre (Tianhe)
27	13 January 2015	Guangzhou	Mr. Lan	NGO staff	Qizhi Social Work, Shipai Street Community Centre (Tianhe)

28	14 January 2015	Guangzhou	Mr. Lin	NGO staff	Sanyuanli Social Work, Sanyuanli Street Community Centre (Baiyun)
29	15 January 2015	Guangzhou	Mr. Huang	NGO staff	LovingHeart Social Service, Xingang Street (North) Community Centre (Haizhu)
30	15 January 2015	Guangzhou	Mr. Huang	Government official	Sanyuanli Street Government, Baiyun District, Guangzhou
32	15 January 2015	Guangzhou	Mr Zhao	NGO staff (Director)	Hengfu Social Work, Xingang Street (South) Community Centre (Haizhu)
33	15 January 2015	Guangzhou	Ms Liang	Government official	Residents' Committees, Xingang Street, Haizhu District, Guangzhou
34	15 January 2015	Guangzhou	Mr. Chen	Government official	Xingang Street Government, Haizhu District, Guangzhou
35	16 January 2015	Guangzhou	Ms. Qiu	NGO staff (Associate Director)	Zhongda Social Work, Beijing Street Community Centre (Yuexiu)
36	16 January 2015	Guangzhou	Mr. Jiang	NGO staff	Yijing Social Work, Jingtai Street Community Centre (Baiyun)
37	19 January 2015	Guangzhou	Ms. Yue	NGO staff	Qinggong Social Work, Tangjing Street Community Centre (Baiyun)
38	19 January 2015	Guangzhou	Ms. Peng	NGO staff	Hengfu Social Work, Huadi Street Community Centre (Liwan)
39	01 February 2015	Guangzhou	Ms. Chen	NGO staff	Guangda Social Work, Dasha Street Community Centre (Huangpu)
40	01 February 2015	Guangzhou	Mr. Huang	NGO staff	Beidouxing Social Work, Dongjiao Street Community Centre (Liwan)
41	01 February 2015	Guangzhou	Mr. Xu	NGO staff	Beidouxing Social Work, Baiyun Street Community Centre (Yuexiu)
42	02 February 2015	Guangzhou	Mr. Liang	NGO staff	Beidouxing Social Work, Huangpu Street Community Centre (Huangpu)
43	04 February 2015	Guangzhou	Ms. Lian	NGO staff	Suixing Social Work, Fengyang Street Community Centre (Haizhu)
44	11 February 2015	Guangzhou	Ms Huang	NGO leader	Women's Federation 3861 My Home, Guangzhou
45	11 February 2015	Guangzhou	Ms Fei	NGO leader	Handa Rehabilitation and Welfare Association, Guangzhou
46	11 February 2015	Guangzhou	Ms Zhang	NGO leader	Handa Rehabilitation and Welfare Association, Guangzhou
47	15 February 2015	Guangzhou	Mr Zhang	NGO leader	Beidouxing Social Work
48	09 March 2015	Hong Kong	Dr. Wong	Academic	The Chinese University of

			Hung		Hong Kong, Department of Social Work
49	23 March 2015	Panyu	Mr. Liang	Grassroots NGO staff	Little Golden Goose
50	24 March 2015	Guangzhou	Ms. Xie	NGO leader	Lixiang Social Work, Yuzhu Street Community Centre (Huangpu)
51	24 March 2015	Guangzhou	Mr Zhang	NGO staff (Director)	Suixing Social Work, Fengyang Street Community Centre
52	25 March 2015	Guangzhou	Mr. Qu	Grassroots NGO leader	Guangzhou Institute For Civil Society
53	08 April 2015	Hong Kong	Dr. Chan Kin-man	Academic	The Chinese University of Hong Kong, Department of Sociology
54	09 April 2015	Hong Kong	Mr. Wong	NGO leader	Oxfam Hong Kong
55	28 May 2015	Dali, Nanhai	Mr. Li	NGO leader	Co-Innovation
56	29 May 2015	Dali, Nanhai	Ms. Ouyang	Government official	Residents' Committee, Lixiong Community, Dali Township
57	29 May 2015	Lishui, Nanhai	Mr. Yu	Government official	Lishui Township
58	26 June 2015	Dali, Nanhai	Mr. Li	NGO leader	Qizhi Social Work, July 1 Space, Dali Township
59	14 July 2015	Guangzhou	Ms. Guo	NGO leader	Lügeng, Shadong Street Community Centre (Tianhe)
60	05 August 2015	Shunde	Ms. Yang	NGO staff	Shunde Pengxing Social Work
61	26 August 2015	Hong Kong	Mr. Liao	NGO staff	Qichuang Social Service
62	21 September 2015	Hong Kong	Mr. Tan	Grassroots NGO staff	Guangzhou Institute For Civil Society
63	06 October 2015	Guangzhou	Ms. Wang	NGO staff	Poai Social Work
64	07 October 2015	Hong Kong	Prof. Law	NGO leader	Qichuang Social Service
65	10 November 2015	Hong Kong	Mr. Lo	NGO staff	Hong Kong Lutheran Social Service
66	12 November 2015	Hong Kong	Mr. James Leung	NGO leader (Director)	The Boys' and Girls Club Association of Hong Kong
67	23 November 2015	Dali, Nanhai	Mr. Li	NGO leader	Co-Innovation
68	26 November 2015	Guicheng, Nanhai	Ms. Xian	Government staff	Social Work Centre, Guicheng Street, Nanhai District, Foshan
69	04 March 2016	Guicheng, Nanhai	Ms. Xian	Government staff	Social Work Centre, Guicheng Street, Nanhai District, Foshan
70	04 March 2016	Guicheng, Nanhai	Mr. Shao	Government staff	Social Work Centre, Guicheng Street, Nanhai District, Foshan
71	05 March 2016	Hong Kong	Mr. Liao	NGO staff	Qichuang Social Service
72	18 March 2016	Hong Kong	Prof. Law	NGO leader	Qichuang Social Service
73	28 August 2016	Hong Kong	Ms. Anna Chan	NGO researcher	School of Philanthropy, Sun Yat-sen University

Chapter 3 Social Governance and Community-based NGOs

When the CCP crushed the Tiananmen pro-democracy protests on June 4, 1989, it snuffed out not just the lives of protesters but also the optimism that China would embrace political liberalization along with the communist-led regimes of Central and Eastern Europe. In the ensuing two decades, while eschewing Western-style democratic reforms, the Party-state continued to unleash a remarkable economic transformation that made many rich and lifted millions out of poverty, generating widespread legitimacy while safeguarding the survival of single-party authoritarian rule. However, the relentless pace of economic development has meanwhile generated mounting social challenges that threaten this very foundation of political stability. Given that discontent is only expected to grow as the economy begins to slow down, the Party-state has recognized that some kind of political reforms must be undertaken to shore up legitimacy and forestall pressures for democratic changes. Without directly devolving power to citizens, one method is to assign a greater role for social organizations to participate in social affairs as agents of citizens – as long as they are vigilantly guided by the Party-state to complement the governing process and stay away from political activities.

This governing strategy has been encapsulated by the idea of "social governance" (*shehui zhili* 社会治理), which has gained prominence in the Party-state discourse in recent years. In the Third Plenary Session of 18th CPC Central Committee held in November 2013, Party leaders approved the "The Decision on Major Issues Concerning Comprehensively Deepening Reforms", recognizing "social governance" as a key reform strategy for increasing the collaboration between the Party-state and social forces in the governance

process.[145] A similar term, "social management" (*shehui guanli* 社会管理), was employed during the Hu Jintao era to denote similar ideas. In a Politburo study session held in September 2010 where top leaders discussed how to "handle people's contradictions in the new era", Hu proposed "social management" as a policy imperative for addressing rising social tensions and unrest while reducing reliance on coercive measures when government officials deal with them. Such high-level endorsement made it a focus at the Fifth Plenary Session of the 17th Central Committee in October 2010, and later a key target in the 12th Five Year Plan for National and Social Development in March 2011. Based on the principle of "Party leadership, government responsibility, social coordination and public participation" (*dangwei lingdao*, *zhengfu fuze*, *shehui xietong*, *gongzhong canyu* 党委领导、政府负责、社会协同、公众参与), the policy imperative aimed to promote "social management" on two levels: 1) improve the *structure* of social management by strengthening the Party-state's coordinative and regulatory role in mobilizing social organizations to increase public service provision, thereby creating a service-oriented government; 2) invent *mechanisms* of social management by designing solutions to address growing service needs, prevent social conflicts, and respond to crisis situations.

Although at first glance both "social management" and "social governance" could appear as empty rhetoric, it would be a mistake to discard them immediately as such. In fact, both terms, despite their novelty in the official discourse, have a longer history rooted in earlier reforms and carry substantive impact that go beyond their rhetorical grandeur. This chapter seeks to examine the origins of the idea of "social governance" and its consequences on China's state-

[145] "Zhonggong zhongyang guanyu quanmian shenhua gaige ruogan zhongda wenti de jueding [CCP Central Committee Resolution Concerning Some Major Issues in Comprehensively Deepening Reform], *Xinhua*, November 15, 2013, http://news.xinhuanet.com/politics/2013-11/15/c_118164235.htm, accessed September 26, 2016.

society relations.[146] I first demonstrate how "social governance" entered the Party-state's political discourse and became a new governing mantra aiming to simultaneously increase the role of NGOs in public affairs and boost the ruling capacity of the Party-state. I then explain why community-based service NGOs have become a vehicle for the local implementation of "social governance", in which they serve as partners of local states in invigorating neighbourhood governance and reducing the government burden of social service provision. Finally, despite the expected outcome of "small state, big society", I argue that increasing local state-NGO collaboration under "social governance" is leading not towards the retreat of the Party-state but rather the reconfiguration of its relations with NGOs in order to extend its power and penetrate the grassroots.

3.1 The origins of social management

When "social management" first appeared on the policy agenda during the Hu era, it marked an attempt to inject new themes and approaches into the governmental process to distinguish his rule from his predecessor Jiang Zemin. Similar to Jiang's ideological formulation of "The Three Represents" (*sange daibiao* 三个代表), which officially admitted capitalists into the CCP, "social management" was aimed to reduce the Party-state's distrust of civil society and impart a more official role for social organizations to take part in public affairs and work with the government. However, a closer reading shows that the core idea of "social management" in fact originated from earlier reform efforts in post-Mao China. One was the "small state, big society" reforms which began in the 1980s, aiming to transform the Chinese state from an all-encompassing caretaker government (*quanneng zhengfu* 全能政府) into a limited and

[146] In this chapter, I will use "social governance" more generally to capture the idea common to both "social management" and "social governance". I will only use "social management" if I have to compare its difference with "social governance".

regulatory government (*youxian zhengfu* 有限政府) – similar to the neoliberal or New Public Management (NPM) reforms undertaken in the United Kingdom under Margaret Thatcher and the United States under Ronald Reagan.[147] Despite occasional statist reprisals[148], the reforms managed to achieve remarkable results in the economic arena. From the de-collectivization in the 1980s to the reform of state-owned enterprises (SOEs) in the 1990s, the Party-state has significantly, although not completely, curtailed its producer role in the economy and assigned greater role to market forces.

Similar efforts had also been experimented in the social realm. Inspired by the ideas of Liao Xun, a prominent state researcher who coined the idea of "small state, big society", the Party-state piloted such reforms in the newly established Hainan Province in the late 1980s by installing a simplified administrative structure of governance in which autonomous social organizations would assume a greater role.[149] But the reforms did not gain wider implementation, partly because the Party-state became increasingly hostile towards an independent civil society after the eruption of the 1989 pro-democracy protests. Although partial relaxation in the 1990s resulted in a boom of social organizations that some regarded as China's "associational revolution", many of these social organizations were not of a truly "social" nature – some were established to take up the state's economic functions, such as business associations or chamber of commerce, while many others were mostly schools, nursery homes and elderly homes.[150] In addition, due to the tight registration policy, a

[147] Teets, *Civil Society under Authoritarianism*, 51.
[148] For the history of the political struggle between the reformists and the conservatives in the early 1990s, please see chapter 1-2 in Joseph Fewsmith, *China Since Tiananmen: The Politics of Transition* (Cambridge: Cambridge University Press, 2001).
[149] Kjeld Erik Brødsgaard, "State and Society in Hainan: Liao Xun's Ideas," in *Reconstructing Twentieth-Century China: State Control, Civil Society, and National Identity*, ed. Kjeld Erik Brødsgaard and David Strand (Oxford: Oxford University Press, 1998), 189-215.
[150] For example, according to statistics compiled by the National Bureau of Statistics, in 2008, around 65 percent of private non-enterprise units are registered as education or health related, many of which are schools or hospitals. Service-related organizations only make up of around 14 percent. While it does not specify the exact kind of organizations involved, this category is likely to include elderly homes or orphanages.

significant number of social organizations, dubbed as grassroots organizations, chose to operate as business or simply go underground.[151] As a result, the civil society sector, despite considerable growth, remained very much underdeveloped and ill-equipped for deeper collaboration with the government. As much as the "small state, big society" reform aimed to achieve, its implementation became relatively skewed towards the decentralization of the Party-state's economic functions. Without further reforms, they would be inadequate in creating a social sector that complements the governance process.

Another was the partially completed reform in installing a new system of urban governance. Back in the socialist era, the function of urban governance was provided through the *danwei* or work unit system. As a socialist institution combining employment and residence for workers and their families, the *danwei* served not only as the locus of economic production and everyday life, but also a platform for cradle-to-grave welfare delivery and a mechanism of social control.[152] However, with the *danwei* system being dismantled under the market reforms, which heightened during the SOE restructuring in the 1990s, a new system of urban governance was urgently in need. Such urgency was further intensified by growing citizens' demands under rapid economic transformation – from migrants increasingly claiming their welfare entitlements, to disgruntled workers demanding better wages and social protection, to middle-class dwellers looking for higher quality public services as well as greater accountability and transparency from the government.

To replace the *danwei*, residential neighbourhoods (or later known as "communities") were designated as the basic unit of urban governance and given the responsibility to provide

[151] Saich, "Negotiating the State," 134-136; Hildebrandt, "The Political Economy of Social Organization Registration in China."
[152] Andrew Walder, *Communist Neo-traditionalism: Work and Authority in Chinese Industry* (Berkeley, CA: University of California Press, 1986); Lü Xiaobo and Elizabeth J. Perry, eds., *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective* (Armonk, NY: ME Sharpe, 1997).

governmental functions including public security, birth control and wide-ranging social services.[153] Each administrated by a street government and numerous residents' committees, residential neighbourhoods were designed originally as makeshift institutions that complement the *danwei* system. But they are increasingly rendered ill-equipped to perform governance tasks since they tend to be poorly funded, constrained by red tape and administrative duties, and ineffective in coping with complex social issues. Moreover, they lacked the relevant professional expertise and social skills for dealing with heterogeneous citizen groups – including migrants, the elderly, the disabled or homeowners. Piecemeal reform efforts were made to reinvigorate these basic neighbourhood organizations: first after the upheaval in 1989 when the Party-state attempted to reinvigorate residents' committees (RCs) as the urban "nerve-tips"[154]; then in the 1990s through a nationwide community building campaign to restructure and empower urban communities (*shequ* 社区) into more resourceful, efficient and pluralized units of governance.[155]

Despite these reforms, the existing infrastructure of neighbourhood governance remained inadequate for addressing growing social needs. The problem, as will be further discussed later in this chapter, was aptly reflected by the growing number of popular protests, which climbed tenfold from 8,700 to 87,000 between 1993 and 2005 and reached as many as 180,000 in 2010.[156] To prevent social unrest rather than respond reactively through repressive

[153] David Bray, "Building 'Community': New Strategies of Governance in Urban China," *Economy and Society* 35.4 (2006): 530-549.
[154] Benjamin L. Read, "Revitalizing the State's Urban 'Nerve Tips'," *The China Quarterly* 163 (2000): 806-820.
[155] Bray, "Building 'Community'," 531.
[156] Data released by the Ministry of Public Security on mass incidents; however, the Ministry stopped releasing such data after 2005. The 2010 number was an estimate made by Peking University sociologist Sun Liping. Liping Sun, "zhongguo de weiwen moshi shi yizhong keyi fuzhi de zuoe shouquan" [China's Model of Stability Maintenance is a Delegation of Reproducing Evil], http://blog.163.com/llzg168@126/blog/static/76853940201266113858789, accessed May 13, 2012.

measures also known as stability maintenance (*weiwen* 维稳)[157], the Party-state recognized the importance of reducing widespread social injustice and inequality engendered by economic development. Under the notion of "socialist harmonious society" (*shehui zhuyi hexie shehui* 社会主义和谐社会) proposed by Hu Jintao in 2004, it vowed to refocus the policy agenda from the maximization of economic gains to greater distributive fairness. Meanwhile, it also acknowledged that overhauling neighbourhood governance required more ambitious reforms in the social sector. The premise is that society could be "managed" more effectively by installing robust regulatory frameworks and granting more spaces to service-oriented, community-based social organizations.

It is within this context that the idea of "social management" was formulated to continue these two half-completed reforms. On the one hand, it aims to bring the economically skewed "small state, big society" reforms into the social sector, transferring more government functions – especially social service provision – to social organizations. On the other hand, it aims to fill the void left by the collapse of the *danwei* system and to invigorate neighbourhood governance by introducing social organizations as a new actor. In short, social management seeks to revive these existing reforms through increasing the role of social organizations in the governance process – taking functions over from the government and providing it at the urban grassroots. Hence, rather than simply seeing social management as a way for managing increasing social tensions and forestalling further political reforms[158], my views resonate more closely with those of Frank Pieke who also sees the imperative as both a neo-socialist project that seeks to re-engineer society and a corporatist strategy in

[157] Murray Scot Tanner, "China Rethinks Unrest," *Washington Quarterly* 27.3 (2004): 137-156; Chen Xi, "The Rising Cost of Stability," *Journal of Democracy* 24.1 (2013): pp. 57-64.
[158] Joseph Fewsmith, "'Social Management' as a Way of Coping with Heightened Social Tensions," *China Leadership Monitor* 36.6 (2012).

order to "strengthen and professionalize the rule of the Party in line with the requirements of a rapidly developing capitalist economy and society."[159]

3.2 Social governance: a contested concept

The change to "social governance" in the second half of the Hu era did not alter the essence of the reform. While the difference between "management" and "governance" could seem trivial, the terminological change was intended to eliminate the undertone of control in the Chinese term of "management", *guanli*, while stressing the role of social actors in the governance process. As state researcher Chen Jiagang wrote in the Central Party School's journal *Study Times*, "social management" entails a state-centred model that implies the state's dominance over society. In contrast, "social governance" is a diversified system that incorporates the role of social organizations and private sector, encourages consultation among participants and employs innovative methods to guide public affairs – a process in which ideally no single entity should monopolize power.[160]

Despite this official interpretation, the use of "governance" (*zhili* 治理) carries its own significance. In the 1980s, the term *zhili* was tied to a more conservative meaning, frequently invoked by Party conservatives such as Chen Yun with terms such as *zhili zhengdun* 治理整顿 to advocate a stronger planned economy and roll back Deng Xiaoping's market reforms.[161] However, the present use of *zhili* not only departs from its socialist roots but also

[159] Frank N. Pieke, "The Communist Party and Social Management in China," *China Information* 26.2 (2012): 149-165.
[160] Chen Jiagang, "Cong shehui guanli zouxiang shehui zhili" [From social management to social governance], *Study Times*, October 22, 2012.
[161] After the pro-democracy protest in 1989, the debate between *zhili zhengdun* and *shenhua gaige* 深化改革, or deepening reforms, intensified and fuelled a power struggle between the conservatives and reformists. For

draws on the Western notion of governance. Championed by the World Bank in the 1990s, the concept of governance (often framed as "good governance") has become a normative goal among Western governments and international developmental agencies to promote accountability, transparency, public participation and the protection of human rights in the governmental process.[162] In a World Bank report published in 1994 that sought to define the concept, governance is characterized as a process "epitomized by predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law."[163] The concept soon gained widespread scholarly attention. Most notably, Gerry Stoker defines five pillars of governance: governance is 1) "a complex set of institutions and actors that are drawn from but also beyond government", which 2) "recognizes the blurring of boundaries and responsibilities for tackling social and economic issues", 3) "identifies the power dependence involved in the relationships between institutions involved in collective action", 4) entails "autonomous self-governing networks of actors" and 5) "recognizes the capacity to get things done which does not rest on the power of government to command or use its authority but rather use new tools and techniques to steer and guide".[164]

Although the concept of governance is commonly associated with democratic contexts or framed as developmental goals for developing countries, authoritarian regimes have also

---

examples related to how *zhili zhengdun* appeared in policy documents, see "Decision about furthering the task of Improvement and Rectification and Deepening Reform", *The Fifth Plenary Session of the 13th Central Committee*, November 9, 1989.

[162] "Managing Development: The Governance Dimension", *World Bank*, August 29, 1991, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/03/07/000090341_20060307104630/Rendered/PDF/34899.pdf, accessed September 29, 2016.

[163] "Governance – The World Bank's Experience", *World Bank*, May 1994, http://documents.worldbank.org/curated/en/1994/05/698374/governance-world-banks-experience, accessed September 29, 2016.

[164] Gerry Stoker, "Governance as Theory: Five Propositions," *International Social Science Journal*, 50.155 (1998): 17-28.

learned to appropriate it as an alternative to democracy. Singapore offers a paradigmatic example. Ruled by the People's Action Party, the city-state has long upheld good governance as a source of legitimacy in place of full-fledged democracy. This idea of combining good governance and authoritarian rule also gained traction among the CCP leadership and scholars.[165] In the late 1990s, Yu Keping, a prominent liberal state scholar, proposed "good governance" (*shanzhi* 善治) as China's own path to democracy in lieu of regular elections and multiparty politics. As Yu argues, "[t]he essence of good governance is management of public life through cooperation between the government and citizens, a new relationship between political state and civil society and an optimal relationship between the two".[166] In his various works, Yu proposes ten elements of good governance, some of which are often considered to be absent in democracies.[167] During the process, the presence of an authoritarian Party-state that dominates political power is not only compatible with these elements, but also necessary for achieving them.[168] This normative call for good governance has simultaneously inspired scholars to analyse governance in China as a political process focusing on the dispersed, networked interaction between state and society.[169] Most notably, in the edited volume *Governance in China*, Jude Howell defines governance as "the totality of processes and arrangements, both formal and informal, by which power and public authority are distributed and regulated". Such perspective called for research focus on "not only the study of states but also the arrangement and processes within political and civil

[165] Stephan Ortmann and Mark R. Thompson, "China and the 'Singapore Model'," *Journal of Democracy* 27.1 (2016): 39-48.
[166] Yu Keping, *The Emerging of Chinese Civil Society and its Significance to Governance* (Essen: Asia Foundation, 2003).
[167] The ten elements of good governance include legitimacy, transparency, accountability, rule of law, responsiveness, effectiveness, civic participation, stability, cleanness and justice. See Yu Keping, "Zhili yu shanzhi yinlun" [Introduction to governance and good governance], *Makesi zhuyi yu xianshi [Marxism and Reality]* 5 (1999): 37–41.
[168] Wang Qinghua and Gang Guo, "Yu Keping and Chinese Intellectual Discourse on Good Governance," *The China Quarterly* 224 (2015): 985-1005.
[169] Howell, *Governance in China*; Tony Saich, *Governance and Politics of China* (London: Palgrave Macmillan, 2010); Gary Sigley, "Chinese Governmentalities: Government, Governance and the Socialist Market Economy," *Economy and Society* 35.4 (2006): 487-508; Sujian Guo and Zhenglai Deng, eds., *China's Search for Good Governance* (New York, NY: Palgrave Macmillan, 2011).

society, the relations between these, and in turn their linkages with the state".[170] But while such perspective broadens the analytical scope and illuminates previously unseen governing practices, it could understate the significance of governance as a political project in itself, which aims to be both a discursive and practical tool to strengthen authoritarian rule.

When President Xi Jinping inherited the concept of "social governance" from the Hu era, the way it was framed in the policy agenda strongly reinforced the political nature of the concept. Despite retaining "governance" in the formulation, Xi emphasized the central role of the Party-state by subsuming "social governance" under the broader framework of "state governance" (*guojia zhili* 国家治理). Under Xi's conceptualization, "state governance" consists of both the *system* – a comprehensive structure including Party-state organizations, economic and social organizations, together with the body of laws, and *capacity* – the ability to manage different affairs, including economic reforms, social stability, national defence and Party discipline. As such, while "social governance" is still deemed necessary to involve social organizations to actively participate in the process, their participation is not aimed at empowering them *per se*, but rather serving a higher goal: the prolonged rule of the Party-state.[171]

This inherent tension between Party-state dominance and participation of social forces was further played out among scholars and intellectuals who attempted to give their own interpretation of "social governance". On the one hand, a liberal group of scholars consider "social governance" as an opportunity to develop a more autonomous civil society (*gongmin shehui* 公民社会), such that a larger role would be given to social organizations while the

[170] Howell, *Governance in China*, 2.
[171] Xi Jinping, "Qieshi ba sixiang tongyi dao dangde shibajie sanzhong quanhui jingshen shang lai" [To practically unite all thoughts on the spirit of the 18th Third Plenum], *Xinhua*, December 31, 2013.

dominance of the Party-state would be reduced, though not eliminated. Yu Keping, as an early proponent of governance, supports this liberal stance, arguing that social governance would bring China towards democratic governance (*minzhu zhili* 民主治理), albeit not Western-style democracy. Zhou Hongyun, Yu's associate at the Central Compilation and Translation Bureau, contends that the goal of social governance is to build a rights-based society (*quanlixing shehui* 权利型社会) in which citizens will enjoy wide-ranging rights, equal access to basic services and welfare, and entitlement to participate in the political process. While the government will maintain a guidance role by providing a suitable institutional environment, a robust civil society will arise under social governance and address both government and market failures.[172] In a similar vein, Wang Ming, a prominent NGO researcher, argues that the essence of social governance lies in the separation of government administration from social forces (*zhengshe fenkai* 政社分开), which would require the limitation and circumscription of government functions.[173] To foster the rapid development of a social sector both in terms of size and capability, Wang urges the government to transfer not only functions and responsibilities to social organizations, but also public authority and resources such that they can increase independence and autonomy, construct horizontal linkages with one another, and build closer ties with the public.[174] Although the goal is not to weaken Party-state dominance or totally withdraw government from society, Wang suggests that the boundary between government functions and social powers should be more clearly demarcated.

[172] Zhou Hongyun, "Cong shehui guanli zouxiang shehui zhili: gainian, luoji, yuanze yu lujing" [From Social Management to Social Governance: Concept, Logic, Principle and Pathway], in *Shehui Zhili [Social Governance]*, ed. Zhou Hongyun (Beijing: Central Compilation and Translation Bureau, 2015), 9-18.
[173] Wang Ming, "zhili chuangxin zhongzai zhengshe fenkai" [Governance innovations matter on separation of government administrations from society], *Renmin Luntan [People's Forum]*, April 1, 2014.
[174] "Wang Ming zhuanfang: 2014 nian woguo shehui zhili ruhe chuangxin" [Interviewing Wang Ming: How to innovate social governance in 2014?], *Guangming Ribao*, March 12, 2014.

On the other hand, a more conservative group of scholars accentuates greater role for the state and the Communist Party under "social governance", while avoiding terms such as civil society. A notable proponent is Hu Angang, a member of the New Left (*xinzuopai* 新左派) who famously raised the concept of "state capacity" in the early 1990s to highlight the weak extractive capacity of the central government.[175] Espousing Xi's idea of "state governance", Hu argues from a statist perspective that the essence of governance lies in the state's ability to implement policies, empower the people and adapt its system.[176] In addition, Hu promulgated "people's society" (*renmin shehui* 人民社会) as a more superior notion to the Western concept of civil society, as the former aims to defend public interests and improve people's livelihood whereas the latter aims to protect private interests.[177] Under "people's society", social governance will serve as the contemporary "mass line" (*qunzhong luxian* 群众路线) – a term describing the Maoist tactic of mass mobilization – which stresses the unity of Party-state and people, as opposed to a confrontational relationship between state and society.

Echoing Hu's statist perspective, Wang Shaoguang, another New Left proponent, argued that the idea of "small state, big society" is fundamentally wrong. The goal of social governance should not be a "small state", because even countries that advocate the idea, such as the United States, have larger government structures that the notion of "small state" seems to suggest. What matters for Wang, therefore, is not the size of the states, but how efficient and

[175] See more about the early ideas of Hu Angang and Wang Shaoguang in Joseph Fewsmith, *China Since Tiananmen: The Politics of Transition*, 135-141

[176] "Zhongguo guojia zhili xiandaihua de tezheng yu fangxiang" [The characteristics and direction of China's state governance modernization], *Guojia xingzheng xueyuan xuebao [Journal of the Chinese Academy of Governance]* 3 (2014): 6-12.

[177] Hu Angang, "Renmin shehui weihe youyu gongmin shehui" [Why is people's society more superior to civil society?], *People's Daily Overseas Edition*, July 19, 2013.

capable they are.[178] Some scholars challenged the idea of societal participation. For instance, Shen Chengcheng, a Suzhou University academic, warned against overemphasizing the concept of "pluralistic participation" (*zhili zhuti duoyuanhua* 治理主体多元化) in "social governance", fearing that it could morph into Western-style democracy.[179] To prevent it, the reform must ensure the firm control of the CCP in guiding the process and providing the stability for responding to various challenges under globalization and an increasingly uncertain "risk society" (*fengxian shehui* 风险社会).[180] Others argued that the goal of social governance is simply to strengthen the Party itself. For instance, Qi Weiping, a Shanghai-based political scientist, argued that social governance should foster Party building and improve the Party's internal governance to cement is rule.[181] This Party-centric interpretation has gained traction among other Party theoreticians under the idea of "big Party, small state, great society" (*da zhengdang, xiao zhengfu, da shehui* 大政党、小政府、大社会).[182] In fact, the Party-building dimension of social governance can be observed in some localities, as I will demonstrate in Chapter 5.

These diverse interpretations highlight the fact that social governance is far from a monolithic concept. Rather, it is a concept that has been vigorously contested, fraught with ambiguities and framed differently to express different political stances. Interestingly, the contestation bears resemblance to an earlier debate regarding the role of the Party-state in the market

[178] Wang Shaoguang, "'Xiao zhengfu, da shichang' cong genben shang shi cuode" ['Small state, big society' is fundamentally wrong], *Shehui Guancha [Social observer]* 12 (2010).
[179] Shen Chengcheng, "Buke guofen qiangdiao zhili zhuti duoyuanhua" [One must not overemphasize pluralistic governance], *Zhongguo Shehui Kexue Bao [Social Sciences in China]*, 628 (2014).
[180] Risk society is a concept proposed by German sociologist Ulrich Beck. See Ulrich Beck, *Risk Society: Towards a New Modernity* (Thousand Oaks, CA: Sage, 1992).
[181] "Guojia chili nengli xiandaihua yu dangle zhizheng nengli xiandaihua lilun yantaohui juxing" [Conference on the modernization of state governance capacity and the Party's ruling capacity was held], *East China Normal University*, July 11, 2014; Qi Weiping, "Guojia zhili xiandaihua yu dangde lingdao nengli jianshe" [Modernization of state governance and Party leadership and capacity building], *Guangming Ribao*, July 23, 2014.
[182] Patricia M. Thornton, "The Advance of the Party: Transformation or Takeover of Urban Grassroots Society?" *The China Quarterly* 213 (2013): 2.

reforms. Both debates contest the extent to which the Party-state should relinquish direct control respectively on economic and social affairs, and are similarly divided between a liberal and a conservative camp. However, one important difference is that while the economic debate gradually rested on the consensus that the Party-state can coexist with a thriving market by withdrawing from the non-strategic parts of the economy, the social governance debate is more complex because the Party-state's coexistence with a thriving civil society can threaten its continuous rule. With lessons drawn from the fall of the Soviet Union and its Eastern bloc allies in the late 1980s and the Colour Revolutions in the 2000s, the Party-state saw autonomous social organizations as a fundamental challenge against its monopoly of power. Hence, while it is generally recognized that social governance should give a greater role to social organizations for better responding to growing and diversifying social needs, a bottom line for liberal pundits is that the Party-state must maintain an important, albeit circumscribed, role by guiding and cooperating with social organizations such that their activities would strengthen rather than threaten its rule. In the following section, I will discuss how "social governance" provided a policy frame for local states to implement reforms, and why community service NGOs became a focus.

3.3 NGOs with a community focus

Despite these conceptual discussions, social governance as a policy initiative has brought practical changes to the Party-state's relations with social organizations. One of the major reforms is the relaxation of the dual registration system (*shuangchong guanli* 双重管理) for NGOs. Under the system, NGOs – namely social associations (*shehui tuanti* 社会团体), private non-enterprises (*minban feiqiye* 民办非企业) and foundations (*jijinhui* 基金会) – are

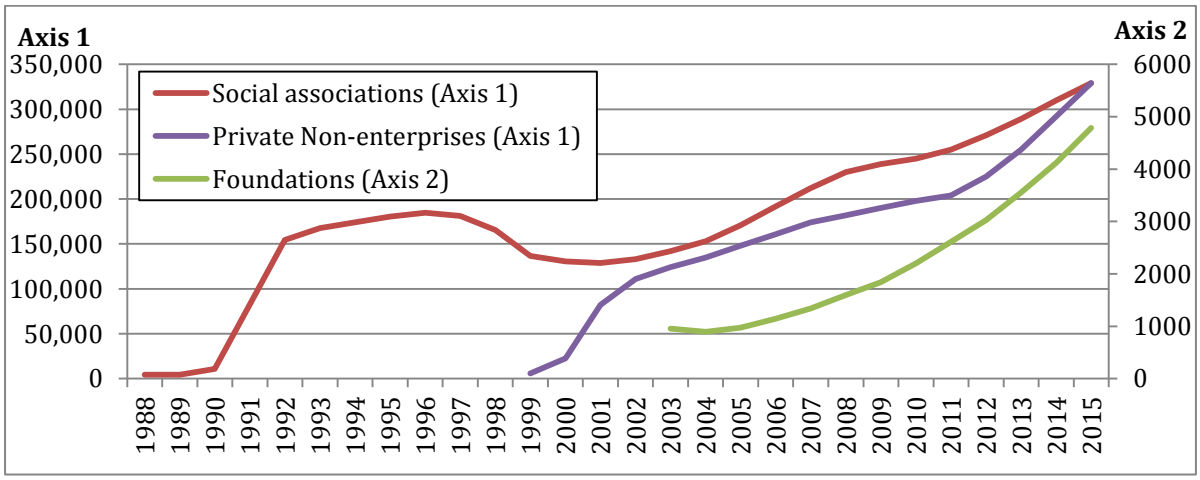
required to locate a professional supervisory agency (*yewu zhuguan danwei* 业务主管单位) as a sponsor (*guakao* 挂靠) before they can be registered with the Ministry of Civil Affairs or its local bureaus.[183] As this system was originally designed to curb the growth of NGOs and ensure government oversight, it soon posed an obstacle against the development of a robust NGO sector. Many government agencies were reluctant to sponsor new organizations due to the lack of financial capacity and manpower or simply due to the fear that they could challenge government authority. Moreover, under the stringent registration policy, many NGOs chose to operate informally by registering as business enterprises or remaining as subsidiaries of existing NGOs and government agencies, while others remained unregistered without a legal status.[184] Although these informal or unofficial organizations are tolerated so long as they do not challenge government authority, the lack of registration not only restricts their autonomy to operate and raise funds, but also weakens the oversight of the government and inhibits their potential contribution to governance.

Aware that the regulatory framework must be eased to spur NGO growth, the government started to relax the dual registration system in 2008, beginning with the Shenzhen Special Economic Zone, where NGOs working in charity, welfare or public services can register directly with the Civil Affairs authorities.[185] The new policy was extended to Guangdong Province in 2011 and finally the entire country during the 18th Third Plenum in 2013. Four types of NGOs are lifted out of the dual registration system: 1) trade and professional association; 2) science and technology associations; 3) charity organizations; and 4) community service organizations. Meanwhile, since the late 2000s, community-based social organizations (*shequ shehui zuzhi* 社区社会组织) are allowed to operate without registration

[183] Ma Qiusha, *Non-Governmental Organizations in Contemporary China: Paving the Way to Civil Society?* (New York, NY: Routledge, 2006): 61-69.
[184] Saich, "Negotiating the State," 134-136.
[185] "China to ease NGO registration policy", *China Daily*, July 11, 2011.

as long as they file record (*bei'an* 备案) with local authorities.[186] These changes resulted in a surge of registered NGOs after 2011, as Figure 1 demonstrates. To be sure, registration procedures remain strictly controlled, and politically oriented organizations are often unlikely to obtain registration. But to be sure, the relaxation of NGO registration is a positive step towards extending the "small state, big society" reforms to the social sector.

Figure 1: Growth of social organizations in China (1988-2015)



Source: Ministry of Civil Affairs

Another important development is the increasingly popular trend of the procurement of NGO services by local states. Although procurement practices in China began much earlier with the downsizing of the state sector under market reforms, at that time it was mainly limited to the tendering of public works and utility projects by government agencies and SOEs.[187] It was not until the mid-2000s that government procurement was significantly extended to social services, especially after the call for "social management innovations". Under this broad policy directive, many local states began to initiate their own procurement programs to

[186] Minzhengbu guanyu cujin cishanlei minjian zuzhi fazhan de tongzhi [Notice Regarding the Development of Charity Organizations], *Ministry of Civil Affairs*, December 8, 2005.
[187] Christina Nelson, "Navigating China's Government Procurement Market," *China Business Review*, September 6, 2016, http://www.chinabusinessreview.com/navigating-chinas-government-procurement-market/, accessed September 29, 2016.

outsource a range of social services to NGOs, such as professional social work, health care, elderly care, disability support and migrant education. In Shanghai, for example, while attempts to outsource social services began as early as 1995 with the contracting out of the Luoshan Citizens' Club to Young Men's Christian Association (YMCA), the municipal government embarked on a more ambitious effort since the 2000s to fund NGOs in providing services such as elderly care, migrant education, drug rehabilitation, community correction and community youth work.[188] In Shenzhen, long designated as the China's "experimental spot" (*shidian* 试点) for economic and social reforms, the municipal authorities began to nurture social work NGOs in 2007 and hire social workers in select government agencies, public institutions, neighbourhood aid stations or mass organizations. In Beijing, local authorities recognized social organizations as a provider of welfare services in 2010 and spent 47 million RMB that year to support 300 outsourcing projects, which increased to 80 million in 2013 supporting 500 projects.[189]

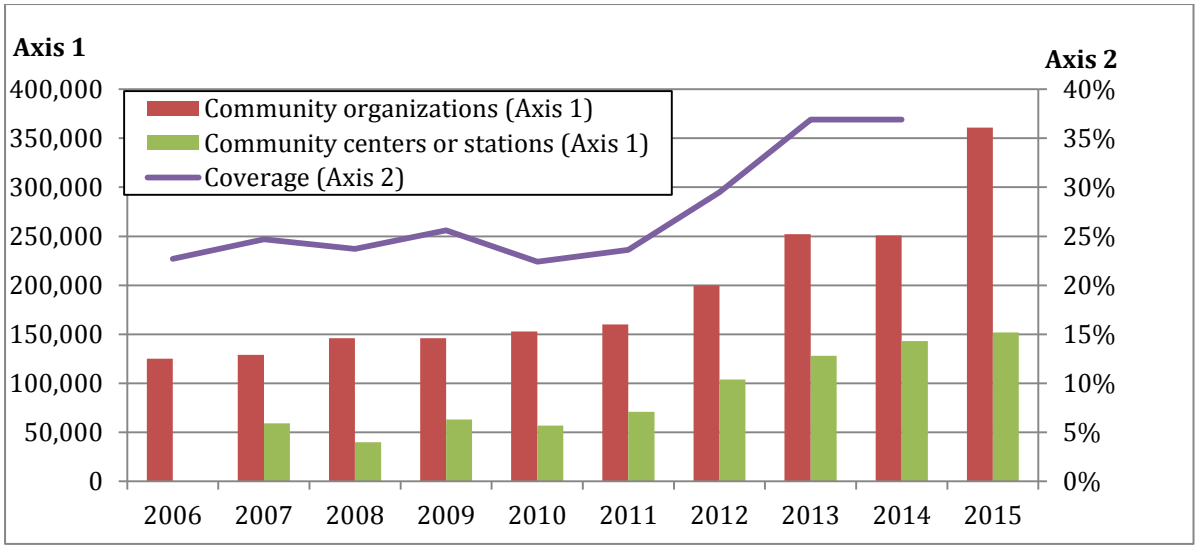
Although, in theory, the outsourcing of social services can occur at all kinds of government agencies, there is a tendency that the provision of such services takes place at the neighbourhood or community level. As figure 3 shows, community-based organizations and community service centres have been increasing rapidly since the 2000s. An intuitive explanation for this strong community focus is that residential communities have replaced the *danwei* system as the most basic level of governance, which now constitutes citizens' everyday life[190] and serves as "markers of different social groups that are seen as distinct

[188] Andreas Fulda, *Civil Society Contributions to Policy Innovation in the PR China: Environment, Social Development and International Cooperation* (New York, NY: Palgrave Macmillan, 2015): 197-201.
[189] "Zhongguo zhengfu goumai shehui zuzhi fuwu yanjiu baogao" [Research report on the Chinese government's social service procurement], *China Foundation Centre*, http://crm.foundationcenter.org.cn/html/2014-01/806.html, accessed September 30, 2016.
[190] Cecilia L. W. Chan, *The Myth of Neighbourhood Mutual Help: The Contemporary Chinese Community-based Welfare System in Guangzhou* (Hong Kong: Hong Kong University Press, 1993).

'objects' of government."[191] But there are two specific reasons that account for why residential communities are privileged as sites for the procurement of social services. The first reason, as briefly discussed earlier, is that NGOs are desperately needed as a new actor to "pluralize" neighbourhood governance, a goal that stemmed from the community building (*shequ jianshe* 社区建设) campaign in the 1990s. Under the campaign, RCs were reorganized into community RCs (*shequ jumin weiyuanhui* 社区居民委员会) in the hope of reinvigorating these urban nerve-tips and achieving greater efficiency in public service provision. However, despite being designated as self-governing mass organizations, community RCs remain fiscally dependent on the street governments and often have to execute governmental tasks handed down from them. In addition, typically staffed by Party members and retired civil servants, they maintain close government linkages which often obscure their distinction from Party-state agencies, enabling officials to intervene into their affairs while significantly limiting their capacity to self-govern. Consequently, political authority tends to be structured hierarchically, descending from upper-level governments down to the community RCs. As a result, community RCs are often dubbed as the "legs" (*tui* 腿) of street governments and perceived by residents as part of the local state. This mode of state-dominated governance has been rendered inefficient for responding to rising and increasingly differentiated citizen needs.

Figure 2: Community-based organizations and centres in China

[191] Luigi Tomba, *The Government Next Door: Neighborhood Politics in Urban China* (Ithaca, NY: Cornell University Press, 2014), 16.



Source: Ministry of Civil Affairs

Outsourcing community services to NGOs is devised as a strategy to address this problem. Key to this strategy is the imperative of separating government administration from social affairs (*zhengshe fenkai* 政社分开). By introducing NGOs as key agents providing social services within communities, the Party-state expects that street governments and RCs can both relieve themselves of their service responsibilities and focus on administrative work, whereas NGOs can take up social service provision without being constrained by the inefficiency of government agencies. In official terms, the goal is to create a "pluralized and collaborative system of community governance" (*shehui xietong xing shequ zhili* 社会协同型社区治理), in which NGOs will form collaborative relationships with the existing governance structures. It expects to strengthen the community as the basic site of governance in order to create a more responsive government towards citizen welfare needs.

Another rationale for promoting community service NGOs stems from the urgency for local states to meet "unfunded mandates" in social service provision. The origins of these "unfunded mandates" could be traced to the process of fiscal decentralization in the 1980s

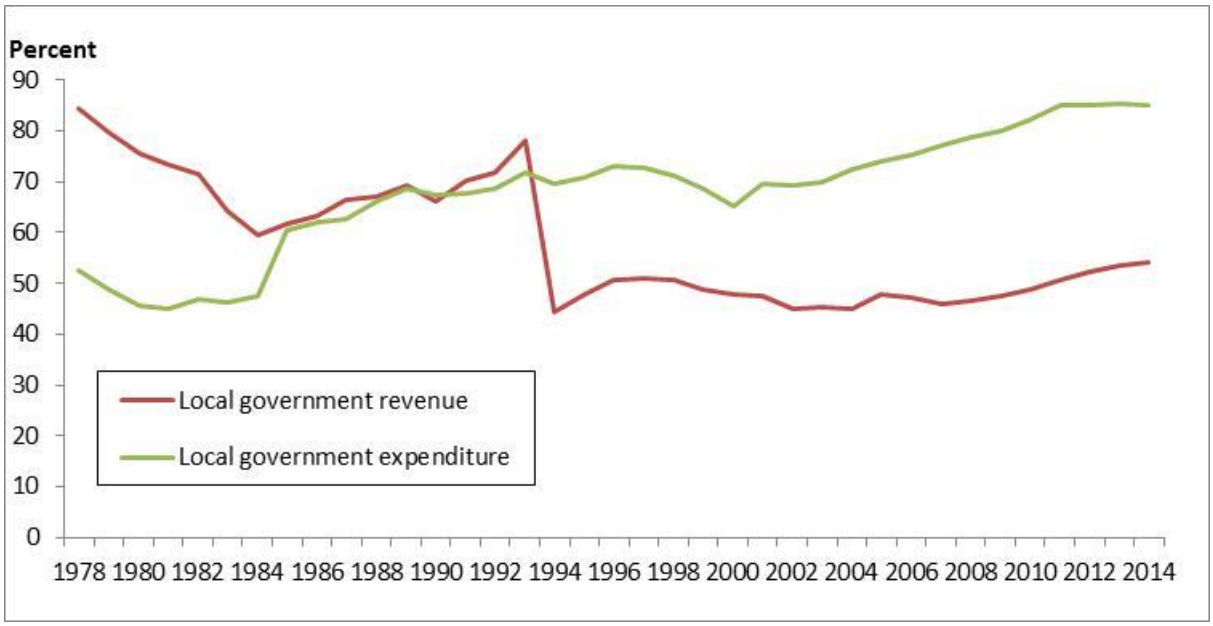
which thrusted the post-Mao economic reforms. During the time, in order to stimulate local economic development, the central government undertook reforms to decentralize fiscal decision-making to local governments under the slogan of "cooking in separate kitchens" (*fenzao chifan* 分灶吃饭), which allowed them to keep a great deal of revenue but at the same time required them to fund their own service provision. Although this arrangement was partly intended to give localities a stable revenue base for meeting their ends, the reality was that socioeconomic development generated increasing service burden on their shoulders of local states, outpacing the ability to finance these services since the central government did not increase downward fiscal transfer. As a result, this produced a mismatch between responsibilities and fiscal capability and consequently led to many unfunded mandates.[192]

The tax-sharing system (*fenshuizhi* 分税制), introduced in 1994 to recentralize the central government's fiscal control, further weakened the ability of local states to fund social services. The system ended the previous practice of negotiated revenue sharing and started to allocate most of the local taxes to central coffers, from which tax rebates would be transferred back to local states to support their work. But effectively, the system imposed even tighter fiscal constraints on local states, as shown in Figure 3.[193] From 1993 to 2014, local states consistently spend more than they receive. In 2014, for example, local states shouldered 80 percent of total government expenditure but only received around 50 percent of total tax revenue, including tax rebates. The situation is even worse in poorer regions, where local states receive much less rebates from the central government.[194] While the local states must take responsibility to fill their massive fiscal gap, they often lacked the fiscal

[192] Teets, *Civil Society under Authoritarianism*, 45-48.
[193] Yukon Huang and Canyon Bosler, "China's Debt Dilemma: Deleveraging While Generating Growth", *Carnegie Endowment for International Peace*, September 2014, http://carnegieendowment.org/2014/09/18/china-s-debt-dilemma-deleveraging-while-generating-growth-pub-56579, accessed September 1, 2016.
[194] Christine Wong, "Paying for the Harmonious Society," *China Economic Quarterly* 14.2 (2010): 20-25.

autonomy to do so, because the central government restricted their autonomy to raise new tax, issue bonds or secure loans. Faced with rising demand for social services, local governments had to run budget deficits, tax illegally or raise extra-budgetary revenues through predatory means such as land grabbing.

Figure 3: Local government revenue and expenditure (1978-2014)



Source: National Bureau of Statistics

The resulting deficiency in welfare provision, coupled with mounting social challenges, prompted the central government to undertake further fiscal reforms and to increase transfer to fund social services in the 2000s, along with introducing new welfare programs in healthcare, education, pension and social assistance.[195] Meanwhile, local states also came up with their own solutions in service provision. Under the Ministry of Civil Affairs directive calling for the "socialization of social welfare" (*shehui fuli shehuihua* 社会福利社会化), they began to outsource social services, mainly elderly care, child care and disability services,

[195] Joe C. Leung and Yuebin Xu, *China's Social Welfare: The Third Turning Point* (Cambridge, UK: Polity, 2015), 35.

to non-state providers. Although the effort of welfare socialization soon led to impressive growth of social service outlets, notably elderly homes and hospitals[196], it was simultaneously a process of privatization because many of these non-state providers were in fact privately-run, for-profit operators.[197] Although there were also non-profits, many were affiliated with the government – either GONGOs or public institutions, and few were truly non-governmental.

The situation began to change when local states started to see the potential of NGOs in providing professional and specialized social services after a series of pilot experiments in outsourcing social services undertaken by both the central and local governments. In 2005, the State Council selected six NGOs in an Asian Development Bank-sponsored competition to receive government funds to conduct poverty alleviation work in rural villages in Jiangsu province, setting a high profile example for state-NGO collaboration. Local experiments were also undertaken in Shanghai, Nanjing, Shenzhen and Ningbo, where local states invited NGOs for formal collaboration. The participation of NGOs in the post-2008 Sichuan Earthquake relief effort further convinced both central and local governments of the benefits that NGOs could bring to the governance process.[198] These experiences, as Jessica Teets argues, constituted a gradual learning process, whereby "each actor learns about the interactions and work process of the other." Such process has led to increasing collaboration with NGOs both "informally through an increasing number of public-private partnerships and formally through regulatory change."[199]

[196] Hua Ding, "China's 'Socializing Social Welfare' Policy: A Study on Service Quality in Society-run Homes for the Aged in Beijing," *China Journal of Social Work* 4.2 (2011): 137-151.
[197] Linda Wong and Norman Flynn, eds., *The Market in Chinese Social Policy* (New York, NY: Palgrave, 2001), 55-60.
[198] Shieh and Deng, "An Emerging Civil Society"; Teets, "Post-earthquake Relief and Reconstruction Efforts."
[199] Teets, *Civil Society under Authoritarianism*, 15.

While the capacity to meet unfunded mandates has been increased by stronger central-to-local transfer and greater power to utilize the welfare lottery fund, the incentives for local officials to *commit to* partnering with NGOs in community service provision still remain in question. To support these incentives, the central government began to link the officials' performance in service provision to their performance appraisal. Under the "cadre responsibility system" (*gangwei zerenzhi* 岗位责任制) instituted in the late 1980s, a system that aims to strengthen the Party-state's nomenklatura control, local officials in China have been evaluated based on their ability to meet a range of performance targets, which in turn determine their bonuses and promotion.[200] While the system had traditionally placed a premium on economic growth and social stability, a greater emphasis is now put on welfare provision, as the Party leadership has shifted its policy focus from fast-paced economic growth to inclusive and balanced development.[201] Meanwhile, the call for social governance innovations has provided additional incentives for local officials to engage in policy experimentation. Under this new framework, many new policy initiatives are proposed towards forging collaboration with NGOs, aimed not only at meeting their growing service mandates but also at gaining attention from upper level authorities. If implemented successfully, policy innovations could be selected for case studies, hailed as "model experience" or emulated in other localities or even nationally – all of which would bring positive career impact on officials who initiated them.[202] As the basic unit of governance, residential communities thus become the natural focal point for officials to turn these performance incentives into policy innovations. Indeed, during my fieldwork, local officials who took me around their neighbourhood tended to eagerly introduce the innovative features, or bright spots (*liangdian* 亮点), about their collaborative projects with NGOs. Some NGO

[200] Maria Edin, "State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective," *The China Quarterly* 173 (2003): 35-52.
[201] "President Xi promises to shake off GDP obsession in promoting officials", *Xinhua*, June 29, 2013.
[202] Teets and Hurst, *Local Governance Innovation in China*, 1-24.

interviewees would in turn credit local officials by emphasizing that their projects were the result of officials' policy innovations.

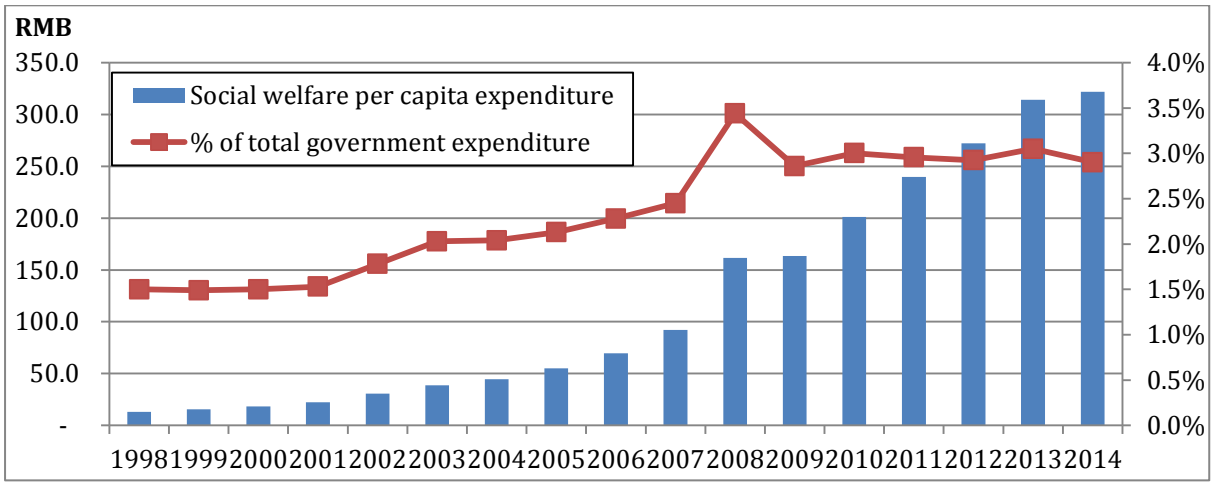
3.4 Small state, big society?

To what extent, however, are these efforts tending towards the goal of "small state, big society"? And to what extent will the Party-state withdraw from socioeconomic affairs to transform from a producer role to a regulatory role? To be sure, the social governance reforms have been rather efficacious in the making of a "big society". Not only has the NGO sector grown significantly over the past years in terms of number and variety, there has also been rising popularity of social service procurement among local states which allow them to devolve service responsibilities to NGOs and take up a "regulatory" role. Although far from creating a full-fledged civil society as understood in the Western context, China's social sector is growing and becoming more readily available to work with the government to contribute to the governance process.

However, even though the state appears to be moving towards a regulatory role, how small will the state become as it downsizes and devolves welfare responsibilities to the social sector? To what extent will the Chinese state retreat from welfare provision? From a fiscal perspective, the anticipation for a "small state" might seem a wishful exaggeration. Rather the opposite, the state has been growing bigger in terms of its welfare spending. Indeed, as Figure 4 shows, public expenditure in welfare services has risen dramatically over the past decade – measured *per capita* and as a percentage of total government expenditure. In addition, as Figure 5 shows, budgets for social service procurement have also been increasing in different localities, suggesting that the Party-state is returning to the social service sector

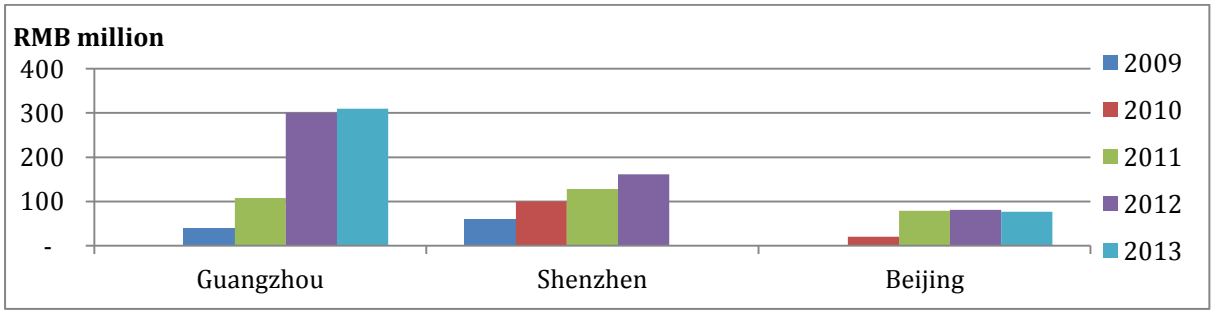
after previous efforts to marketize welfare. In other words, although local governments are technically outsourcing social services to NGOs, they are in fact not outsourcing *per se*, but rather creating state-sponsored services provided by NGOs through the procurement program. These expenditures are newly incurred and are expected to continue because the survival of this burgeoning social sector is fiscally dependent on governments.

Figure 4: Social welfare spending in China (1998-2004)



Source: National Bureau of Statistics

Figure 5: Procurement of NGO services in different major cities



Source: Compiled from various sources[203]

[203] Jie Lei, Agnes Law, Pengfei Duan and Tian Cai, eds., *Guangzhou Shi Zhengfu Goumai Jiating Zonghe Fuwu Fenxi Yanjiu [A Study on Guangzhou Municipal Government Purchase of Family Integrated Services]*, Beijing: Social Sciences Academic Press, 2015, 145; Beijing Shehui Jianshe Nianjian [Yearbook on Beijing's Social Construction], 2010-2014.

Moreover, local states do not simply take a back seat in their collaboration with NGOs by simply maintaining an arms-length regulatory relationship. Even for the economy, despite encouraging a general trend of market liberalization, the state has intervened selectively at the sectorial level by reinforcing its role in strategic industries while relinquishing control in non-strategic ones – a role that goes beyond the conventional conception of a regulatory state.[204] A similar trend is occurring at the service NGO sector, where the state has adopted proactive strategies in various ways. First, local states design the collaborative model with NGOs that determines not just the terms of engagement but also the on-going interactive mechanism. Second, they constantly exercise control over NGOs to pre-empt challenges to social stability and state power, deploying both administrative and repressive measure when necessary. Third, they also empower NGOs by acting as their corporate sponsors, supplying with incentives to guide them towards serving local state interests. While these roles will be further examined in the following chapters, suffice to say here that the role of local states goes beyond merely a regulatory one.

In sum, I argue that social governance is not only a linear process of Party-state withdrawal replaced by a growing social sector. It is rather a process of reconfiguration in which components of the Party-state, in particular the local states, reorganize their relations with NGOs, such that they can leverage these social partners in order to govern more efficiently – or, to borrow from Nikolas Rose and Peter Miller, to govern "at a distance".[205] In the process, the Party-state devolves what is best done by the social sector to NGOs, which, as long as

[204] Roselyn Hsueh, *China's Regulatory State: A New Strategy for Globalization* (Ithaca, NY: Cornell University Press, 2011), 253-270.

[205] In their thoughtful article that seeks to conceptualize modern political power from a Foucauldian approach, Rose and Miller argue that one should look beyond the state and focus on the political rationalities and technologies of government that govern economic activity, social life and individual conduct. Intrinsically linked to knowledge and expertise, these rationalities and technologies enable the government to "govern at a distance", without exercising direct control in the domain of politics. See Nikolas Rose and Peter Miller, "Political Power beyond the State: Problematics of Government," *British Journal of Sociology* 43.2 (1992): 173-205.

they do not threaten its monopoly of power, can serve as instruments to improve governance and sustain authoritarian rule.

3.5 Conclusion

Despite earlier expectations that it would democratize under rapid economic growth, China has staunchly resisted this teleological developmental path and pursued its own interpretation of political reform – maintaining one-party rule under the CCP on the one hand, while, on the other hand, carefully expanding the space for social organizations to take part in public affairs as agents of the citizenry as long as they do not threaten state authority. This governing strategy has been captured by the term "social management", which entered the Party-state's political discourse in the late 2000s and later reformulated into "social governance". In this chapter, I have put forward three key arguments. First, I have argued that despite its discursive novelty, the idea of social management was originated in two unfinished reforms. On a macro level, social management aims to carry through the "small state big society" reforms, which began much earlier but had been skewed towards the devolution of the state's economic functions, by building up a social sector capable and trustworthy enough to take up the state's social functions. On a micro level, it aims to replace the void left by the decline of the *danwei* system and intensify the neighbourhood governance reforms by giving a greater role to social organizations.

Second, while the reformulation into social governance attempts to draw on the Western notion of governance to emphasize the idea of collaborating with social actors, I have argued that the concept not only belies its propensity as a political project, but also encompasses ambiguities and contradictions. In both its official framing by top Party leaders and among

intellectuals, conflicting interpretations abound as some see social governance as a path to realizing a more autonomous civil society while others consider it as a strategy to strengthen both state and Party power. Third, I have shown that social governance as a policy agenda has led to practical changes on the ground. Besides the relaxation of NGO registration, a major focus is the growing trend of local government procurement of social services in residential neighbourhoods. Two rationales, I argue, underlie this focus: first, the need to separate government administration from social affairs; and second, the need to fulfil unfunded or partially funded mandates. In light of these changes, it would be mistaken to see social governance as a reform moving towards "small state, big society". Although the social sector is indeed growing, the state is by no means getting smaller when considering its growing fiscal expenditure and its various roles in developing and controlling the burgeoning social sector. In other words, the state is retreating only to a certain extent, but remains fiscally and politically dominant. In the next few chapters, I will examine how local states are undertaking these roles.

Chapter 4 The Rise of Market-based Corporatism: NGO Procurement in Guangzhou

Since the late 2000s, the Chinese Party-state has embarked on an ambitious effort to increase social service delivery at the grassroots level. In many Chinese cities, local states have employed government procurement to collaborate with service NGOs in residential neighbourhoods, offering an array of community social services including professional social work and specialized services for migrants, children, elderly and ex-offenders.[206] While such practice has long begun in developed countries under the rise of new public management[207], it has only recently been initiated in China as local states echo the "small state, big society" reform agenda to relieve the government of its public service burden and overhaul welfare delivery. Framed as part of "social governance innovation", local state-NGO collaborations are devised to create pluralized and collaborative community governance systems comprising not only state organizations, but also community service NGOs that can foster active and organic citizen participation.

The rapid emergence of the service NGO sector has raised new theoretical and empirical questions for researchers, as I have discussed in Chapter 1. This chapter aims to examine the rise of service NGOs in a local context, the mechanism through which the local state control and empower NGO partners and the effectiveness of these collaborations in fostering community governance. I focus on the local state of Guangzhou, where the municipal government began to provide NGO services since the late 2000s and established more than

[206] Teets, "Reforming Service Delivery in China."
[207] Christopher Hood, "A Public Management for All Seasons?" *Public Administration* 69.1 (1991): 3-19; Christopher Hood, "The 'New Public Management' in the 1980s: Variations on a Theme," *Accounting, Organizations and Society* 20.2 (1995): 93-109.

180 NGO-run community service centres (*jiating zonghe fuwu zhongxin* 家庭综合服务中心, hereafter referred to as CSC) in all street neighbourhoods.

By studying Guangzhou's procurement program, this chapter advances two arguments. First, I argue that the service procurement program neither operates in a command-and-control structure in which the state dictates all affairs nor in a classic corporatist system in which the state controls indirectly through rules and incentives. Instead, it has adopted a modified corporatist framework mediated through a procurement market. This framework, which I call "local market corporatism", grants substantial operational autonomy for NGOs, while allowing the local state to discipline them through various instruments and bring them within the orbit of the state. This framework offers an explanation of why the local state could rapidly expand the availability of service NGOs while ensuring continuous control. Second, through the case study of six neighbourhoods, I argue that the implementation of the NGO procurement program in Guangzhou has nevertheless hindered the objective to refashion community governance. Although community NGOs have increased the amount and variety of social services available to residents, their ability to respond to diverse neighbourhood characteristics, tackle intricate social problems and foster bottom-up citizen participation have been constrained both by the design of the procurement program and risk-averse neighbourhood officials.

4.1 The rise of community-based NGOs in Guangzhou neighbourhoods

For the most part in the history of the People's Republic of China, social services have been provided by either the state or quasi-state organizations. In the socialist era, the *danwei* system was the main vehicle providing welfare services to citizens based on their

employment in state agencies or enterprises.[208] To complement the *danwei*, the Civil Affairs system was established in 1978 to cover all citizens, offering a range of services that includes social assistances, unemployment benefits and disaster reliefs. In the 1990s, in light of the *danwei*'s decline, the state turned to strengthening the system of neighbourhood governance, providing services such as public security, dispute resolution, culture and education through local governments and mass organizations at the grassroots level.[209] However, this statist welfare system began to change after the "small state, big society" reform was enacted in the 1990s, which led to the rapid expansion of the NGO sector as a new channel for social service delivery. While government tightly controlled the NGO sector through a mix of corporatist and repressive measures, the burgeoning civil society still alarmed the innately Leninist Party-state. As much as the Party-state wants to address social needs through NGOs, the development of a relatively autonomous civil society remains a threat to its rule, especially as Party leaders saw the role of NGOs in fostering political changes in other countries, such as the "Colour Revolutions" in post-communist states. Nevertheless, faced with rising social tensions, the government also needed to devise long-term solutions to maintain social stability and neutralize domestic pressure for political reforms.

The notion of cultivating a state-friendly, service-oriented NGO sector was born against this backdrop. In particular, the idea of social work, which was confined to academia until the early 2000s, gained traction among top government leaders. In October 2006, former President Hu Jintao promulgated the concept of "socialist harmonious society", which recognized social work as a tool to foster social harmony and called for integrating it with public service delivery. This came in full force when the central government urged local officials to develop "social management innovations", which emphasizes government

[208] For more literature on the *danwei* system, refer to chapter 3.
[209] Chan, *The Myth of Neighbourhood Mutual Help*; Benjamin Read, *Roots of the State: Neighbourhood Organization and Social Networks in Beijing and Taipei* (Stanford, CA: Stanford University Press, 2012).

collaboration with social organizations. As a result, many local governments including Beijing, Shanghai and Guangzhou began to experiment an array of new policy initiatives under the rubric of "social governance". Among these experiments, a popular initiative is to introduce procurement through which the government contracts out public services, health care and elderly care to NGO providers.

This chapter focuses on Guangzhou not only because the city has experienced progressive market reforms and NGO development, but also because it was one of the earliest Chinese cities to expand community services long before the "social governance" imperative. Since the 1990s, the municipal government began establishing community service centres (*shequ fuwu zhongxin* 社区服务中心) in street neighbourhoods as a type of public institutions.[210] These centres were fully funded by the Civil Affairs Bureau and jointly managed by the street governments. Government document indicates that there were 52 community service centres and 1,341 community service stations by 2000.[211] However, after operating for more than a decade, these government-run facilities failed the expectation to become effective service providers. Not only were they poorly funded, understaffed and forced to rely on retirees or unemployed persons, they were also obstructed by government red-tap which rendered their services unappealing to residents.[212] In addition, street governments had low incentives to invest in these services because they were saddled by heavy administrative workloads and also cash-strapped under the tax sharing system. A simultaneous effort to outsource

[210] Public institutions, or public service units (PSU), refers to government-funded organizations that enhance the operations of public services, including education, research, health, social welfare, sports, arts and culture. For example, they include public service agencies such as public universities and public hospitals, as distinguished from the education or health department, which are government agencies. See more in Karla W. Simon, *Civil Society in China: The Legal Framework from Ancient Times to the "New Reform Era"* (Oxford: Oxford University Press, 2013), 191-192.

[211] "Guanyu yinfa Guangzhou shi shequ fuwu fazhan 'shiwu' jihua de tongzhi" [Memorandum on Guangzhou's community service development under the 10th five year plan], *Civil Affairs Bureau of Guangzhou*, January 29, 2002, http://www.gzmz.gov.cn:82/publicfiles/business/htmlfiles/gzsmzj/zxgh/201209/976091.html, accessed October 4, 2016.

[212] Interview with government official (no. 1), Guangzhou, March 13, 2014.

community services to private providers was equally problematic. In some cases, services such as elderly care were highly commercialized into profit-making businesses. In other cases, public resources were channelled back into government-affiliated organizations due to the entrenched interests of local governments. By the mid-2000s, the municipal authorities had realized that government-run community services must be overhauled in order to address growing social needs.

This opportunity arrived in 2008. After former provincial Party secretary Wang Yang echoed the call for "social management innovations", Guangzhou's Civil Affairs Bureau (CAB) began to experiment with contracting out community services to service NGOs in select neighbourhoods.[213] Although the scale was limited, the experiment soon gave way to a full-fledged government procurement program. In 2009, after touring Hong Kong and Singapore to learn from their social work practices, the CAB proposed in a memorandum to model on Hong Kong's NGO subvention program to outsource social services.[214] It selected 20 street neighbourhoods as the pilot locations for establishing NGO-run community service centres (CSCs).[215] In July 2010, the municipal government proposed to increase the number of CSCs: each district will select at least one street-level community to join the procurement program.[216] Finally, in 2011, the government decided that each neighbourhood must establish

[213] "Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-202)", *National Development and Reform Commission*, December 2008.
[214] "Guanyu xuexi jiejian xianggang xianjin jingyan tuijin shehui guanli gaige xianxing xianshi de yijian" [Learning and Borrowing from Hong Kong's Advanced Experiences in Promoting Social Management], *Guangzhou municipal government*, September 28, 2009.
[215] According to several interviews, the name "family integrated service centres" was inspired by community social work centres in Hong Kong. It was coined by the former Guangzhou mayor Zhang Guangning after his visit to Hong Kong. Inspired by a social work centre in Ching Yi district of Hong Kong, he suggested naming the Guangzhou centres in a similar way. Among the 20 pilot service centres, nine were contracted out to NGOs and the rest would be operated NGOs established by the respective street government.
[216] "Guanyu tuijin woshi shehui guanli fuwu gaige kaizhan jiedao shequ zonghe fuwu zhongxin jianshe shidian gongzuo fangan" [Work proposal on promoting social management service reform and initiating the establishment of street-level community integrated service centre], *Civil Affairs Bureau of Guangzhou*, November 4, 2010.

its own CSC.[217] By 2012, the number of CSCs had triple to more than 150 compared with only 54 in 2011.[218] In 2013, the municipal government spent RMB 320 million to contract out 165 projects to service NGOs, 153 of which are CSCs which take up around 90% of total procurement funding.[219]

Within a short space of time, CSCs proliferated across Guangzhou, while the number of service NGOs increased from less than 10 in 2008 to 267 by January 2015.[220] Different from the position-based procurement program in Shenzhen, where social workers are hired directly by state agencies, Guangzhou employs a project-based approach in which NGOs are commissioned to run CSCs *as projects*. The program is initiated and administered by the municipal CAB, while each project is implemented by the relevant street-level government. A standardized arrangement is adopted across all neighbourhoods: each NGO-run CSC will be funded two million RMB annually, for three years, regardless of their neighbourhood characteristics; each will offer social work services targeting three groups – youth, elderly and family – and two specialized services of its own choice.

4.2 The limit of local corporatist frameworks

[217] "Guanyu jiakuai jiedao jiating zonghe fuwu zhongxin jianshe de shishi banfa" [Implementation measures on accelerating the establishment of street-level family integrated service centres], *Civil Affairs Bureau of Guangzhou*, October 13, 2011.
[218] All street-level communities must adopt the model of "one unit and three centres" (yidui sanzhongxin 一队三中心), which consists of a law enforcement unit, an administrative service centre (zhengwu fuwu zhongxin 政务服务中心) and a comprehensive stability maintenance centre (zongzhi xinfang weiwen zhongxin 综治信访维稳中心), along with the social work service centre. See "Guanyu quanmian tuijin jiedao shequ fuwu guanli gaige chuangxin de yijian" [Opinion on comprehensively advancing the management, reform and innovation of street and community services], *Guangzhou municipal government*, August 14, 2011.
[219] "Guangzhou tou 3.2 yi yuan goumai shegong fuwu" (Guangzhou invests 320 million RMB to purchase social work services), *People's Daily*, August 9, 2013.
[220] Wang Hui, "Government Procurement Promotes Social Work Agencies" (Translated by Mary Hennock), *China Development Brief*, 47 (2010), http://www.chinadevelopmentbrief.cn/?p=584, accessed October 4, 2016.

The rapid rise of the service NGO sector under Guangzhou's procurement program poses a new theoretical puzzle, which neither the civil society nor the corporatist frameworks can fully explain. On the one hand, the emerging NGO sector is certainly not an autonomous civil society space that challenges state power or chips away its edges to lead eventually to political liberalization. Quite the opposite, the sector is profoundly entangled with the state: it has been created under government support and will be dependent on its mandate and funding for survival. On the other hand, neither is the sector a manifestation of state corporatism, through which the state controls them as surrogates through rules and regulations or as transmission belts for interest representation. Even though the state has intricate ties with these NGOs, it hardly controls them merely as state appendages. As Teets argues, these NGOs are typically granted substantial "operational autonomy" to "formulate and pursue a self-determined agenda without undue external pressure."[221] Meanwhile, this does not mean that that they can have leverage over government agencies as enjoyed by some industry or trade associations. As Howell aptly notes, these NGOs are incorporated into policy implementation rather than policy-making. They serve interests *on behalf of* the state rather than represent societal interests.[222]

Scholars have thus proposed new frameworks to address these gaps. Hsu and Hasmath propose the concept of "local corporatist state" to capture the increasing role of the local states in determining the development and success of NGOs, arguing that local corporatist states employ what they call "tacit sanctioning" to guide NGOs indirectly through policy and regulations. [223] This is echoed but framed differently by Teets in her "consultative authoritarianism". Teets considers the rise of "consultative authoritarianism" as the result of the positive learning of local officials from collaborating with NGO, which "promotes the

[221] Teets, *Civil Society under Authoritarianism*, 14.
[222] Howell, "Shall We Dance?", 705.
[223] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China," 522.

simultaneous expansion of a fairly autonomous civil society and the development of more sophisticated and indirect tools of state control over this civil society."[224] Although these collaborations have carved out an operationally autonomous civil society from an authoritarian context, local states have used negative and positive incentives to discipline NGOs and guide them to improve state governance. Observing government purchasing of labour NGO services, Howell gives a more pessimistic assessment with the framework of "welfarist incorporation", which she refers to "a state logic of maintaining social control and a market logic of stabilizing capitalist production."[225] For Howell, collaborations with the local states "stymie [labour NGOs'] radical edge by emphasizing services to the exclusion of rights, and wean them off external funding."

Although these new frameworks have better captured the complexities of state-NGO collaborations, they still suffer from limitations that undermine their analytical value. First, to reiterate my argument in Chapter 1, while these works highlight the role of the local state, they tend to analyze it as a monolithic unit rather than disaggregate into different vertical and horizontal components. Although Hsu and Hasmath did disaggregate the Shanghai local state into municipal and district level, they did not analyse the differences between collaborations with the two levels and the respective outcomes. Disaggregating the local state, as I show, is important because different parts of the local state have different institutional logics that could determine how service collaborations are initiated and conducted. Second, existing works tend to focus on how local states deal with individual NGOs. Although they shed light on the state's increasingly subtle and indirect techniques of control, inadequate attention has been devoted to the role of market mechanism in creating a domain of control, which

[224] Teets, "Let Many Civil Societies Bloom," 36.
[225] Howell, "Shall We Dance?", 719.

manages NGOs not as individual entities, but as a totality – or as an organizational field.[226] Third, while existing works have examined why collaboration comes about or what they do, few have dealt with the implementation outcomes, especially in terms of NGOs' ability to address community problems and foster citizen participation. The lack of outcome analysis could create an illusion that policy innovations are always successful and conducive to strengthening authoritarian resilience.

4.3 Administrative modernization

To analyse the resulting state-society relations under Guangzhou's NGO procurement program, I will first examine how the local state undertook initiatives to develop an entirely new NGO sector for delivering community services. Similar to what Teets observes in Shanghai, the procurement of NGO services in Guangzhou has been an "administrative modernization" that makes the "small government, big society" reforms possible without inciting social instability.[227] In the process, Howell argues that two components are particularly crucial.[228] The first is the relaxation of NGO registration. An important obstacle that the Guangzhou municipal government faced around the mid-2000s was the lack of service NGOs – in 2008, there were less than 10. To expand the procurement program, the pool of eligible service NGOs must be significantly expanded. This was soon made possible by the relaxation of dual registration system, which started in Guangdong and allowed four types of social organizations to directly obtain registration from the Civil Affairs authorities without support from supervisory agencies. As a result, the number of service NGOs increased tremendously. As table 1 show, there were only around 40 registered social service

[226] Hsu, "Beyond Civil Society," 266-267.
[227] Teets, "Reforming Service Delivery in China," 18.
[228] Howell, "Shall We Dance?", 703.

NGOs by 2010. But with the relaxed registration and the expansion of the procurement program, significant spikes occurred in 2011 and 2012.

The expansion even led to an excess supply of NGOs: only 86 among the 267 service NGOs registered by January 2015 were contracted to operate CSCs, with the rest becoming dormant organizations.[229] The excessive growth was partly due to the leniency of registration. Interested parties are not required to have service experiences or certain organizational background to qualify for registration. Meanwhile, the low entry threshold also resulted in the proliferation of NGOs with diverse origins: among the 86 contracted NGOs, 28 percent are established by universities and colleges, 27 percent are founded by individuals (social workers or philanthropists), with the rest formed by private companies (9 percent), NGOs (9 percent), street-level governments (8 percent), public institutions (7 percent) or undisclosed parties (12 percent). In short, it is not an exaggeration to argue that relaxed registration has brought the service NGO sector into existence. The number and diversity of NGOs would have been unthinkable under government-run models.

Table 1: Registration of social work NGOs by year

Year	2007	2008	2009	2010	2011	2012	2013 (until June)
No. of social work NGOs registered[230]	2	8	12	17	40	71	10

Source: Annual Report on Social Work Development in Guangdong of 2014[231]

The second component is competitive bidding, a mechanism for institutionalizing the selection of NGOs through market competition. Guangzhou's NGO procurement program

[229] The number of registered social work NGOs was extracted from a news report. See "zhengfu goumai shegong fuwu jiangshe taotai jizhi" [Government procurement of social work service will establish an elimination system], *Guangzhou Ribao [Guangzhou Daily]*, January 20, 2015.
[230] Included in the table are social work NGOs with available date of establishment.
[231] Agnes Law, ed., *Annual Report on Social Work Development in Guangdong* (Beijing: Social Sciences Academic Press China: 2014), 68-74.

employs the open tendering method.[232] Each tender requires a minimum of three bidders – fewer than that will lead to the relaunch of the tendering process. As Civil Affairs officials revealed, the threshold is intended to ensure sufficient competition for the government to select more capable and suitable NGO partners.[233] But rather than selecting the lowest price bidder, the tendering is fixed at an annual two million RMB and instead competes on the quality of service output. The use of non-price competition is to ensure that NGOs do not focus on cost reduction, but through improving service output and cultivating organizational capability. Finally, the tendering process emphasizes openness and transparency. For example, tender notices are made online, while the tendering process is outsourced to private tendering companies. Meanwhile, tenders are evaluated not only government officials but also academics and experienced practitioners. These measures are expected to ensure the efficient and transparent use of public funds while minimizing the room for corrupted practices.

The use of market mechanism has an additional significance in large municipalities like Guangzhou. Other than allowing the government to incorporate a large number of NGOs for selection, it is a deliberate institutional choice adopted by the municipal CAB for extending the program to all neighbourhoods. A key rationale is that the municipal authorities have learnt from the government-run community services that street governments have little incentives to promote good quality social services on their own. While this is partly due to their heavy administrative workloads which leave them with little incentives to focus on service provision, a more fundamental reason is the fiscal constraints at the street and district-level territorial governments.

[232] China's procurement law approves four types of tendering: open tendering, tendering by invitation, competitive negotiation and single source procurement. See *The Government Procurement Law of the People's Republic of China*, http://www.npc.gov.cn/englishnpc/Law/2007-12/06/content_1382108.htm, accessed September 22, 2016.
[233] Interview with government official (no. 2), Guangzhou, March 13, 2014.

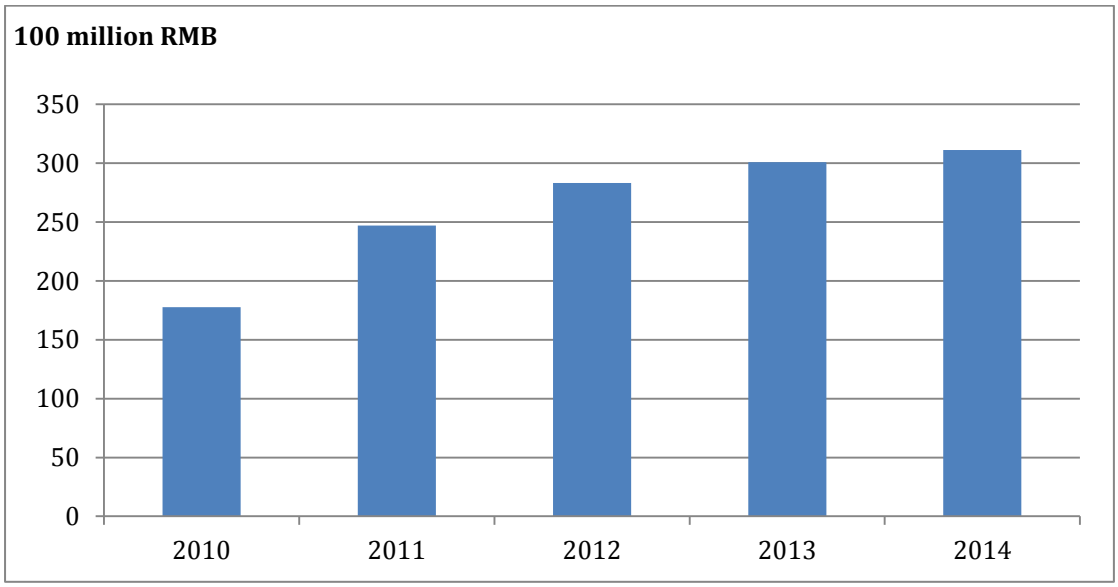
As Table 2 shows, Guangzhou's district governments typically run a deficit budget and have to rely on transfer from the municipal authorities. To a large extent, this was the result of the taxation reforms of the 1990s, under which a large proportion of local government revenues have to be turned over to upper-level authorities for redistribution to poorer regions. As a result, territorial governments have become fiscally constrained and often have to rely on fiscal transfers (including tax rebates and earmarked funds) from the municipal level to make their ends meet. This is especially the case in highly urbanized areas like Guangzhou where territorial governments do not have much economic activities or land bank for development to generate extra-budgetary incomes. The lack of fiscal autonomy has significantly limited the incentives of the territorial governments to invest in community services. Given these institutional constraints, a centralized and top-down procurement program, driven and funded by the municipal CAB, is the only way to expand community services on a citywide level.

Table 2: Guangzhou' district governments income and expenditure

(million RMB)		2008	2009	2010	2011	2012	2013	2014	2015
Yuexiu	Income	3,045	3,172	3,362	3,895	4,326	4,688	4,811	5,081
	Expenditure	4,099	4,304	4,787	5,858	6,555	6,561	7,247	8,189
Liwan	Income	2,462	2,718	3,118	3,689	3,780	4,076	3,925	4,216
	Expenditure	3,195	3,613	4,452	5,180	5,413	5,362	5,329	6,533
Haizhu	Income	2,444	2,737	3,101	3,554	3,999	4,663	5,050	5,251
	Expenditure	3,091	3,315	4,233	5,344	8,053	6,377	7,246	8,580
Tianhe	Income	2,875	3,150	3,814	4,231	4,916	5,818	5,935	6,185
	Expenditure	3,429	3,769	4,204	5,331	6,056	6,691	7,173	8,723
Baiyun	Income	2,556	2,951	3,320	3,927	4,450	5,195	5,476	5,821
	Expenditure	3,248	3,714	4,395	5,497	6,537	6,675	7,508	9,415
Huangpu	Income	964	971	1,209	1,313	1,219	1,714	13,862	14,929
	Expenditure	1,346	1,566	1,849	2,202	2,482	2,871	13,177	14,719

Source: Guangzhou municipal government fiscal reports

Figure 3: Overall fiscal transfer from municipal to district governments in Guangzhou



Source: Guangzhou municipal government fiscal reports

4.4 Local market corporatism

How can we characterize the resulting state-society relations under Guangzhou's procurement of NGO services? In the following, I explain how the procurement market has played a crucial role in serving as a domain of control on service NGOs. Building on Hsu and Hasmath's notion of "local state corporatism", I propose the concept of "local market corporatism" to account for the role of market mechanism in disciplining a nascent NGO sector. By "local market corporatism", I refer to a form of state-society relations in which the local state employs corporatist measures mediated by market mechanisms to engage with a set of social organizations. In Guangzhou, the procurement program comprises three major components: 1) a tendering process for street governments to select suitable NGOs; 2) a contract-making process to establish rules and regulations for collaboration; 3) ongoing evaluation to monitor NGOs' performance. These in turn correspond to three control mechanisms – 1) managed competition, 2) agenda setting, and 3) evaluation oversight –

which allow the municipal government to exercise tacit sanctioning *at a distance* on a large number of NGOs, while avoiding direct and overt intervention into their operations.

4.4.1 Managed competition

As a key building block of the procurement program, tendering serves as a competitive platform for the municipal government to institutionalize and coordinate the selection of NGOs. This platform has radically changed the way the local states interact with NGOs: local states no longer interact with NGOs on an individual and *ad hoc* basis, contingent upon the whims of local officials; instead, the platform allows the local state to engage with NGOs not only systematically but also as a *totality*. Meanwhile, for NGOs, given the underdevelopment of private donations in China, participation in government tendering appears to be an attractive option to secure financial resources for organizational survival and obtain legitimacy from the state to avoid repression. The subsequent proliferation of social service NGOs competing for government contracts result in what Paul Hoggett calls a producer market, "where units compete to supply goods and services to [the] government".[234]

As Hoggett argues, being the typical monopsony purchaser in producer markets, the state "has the power to dictate many of the rules of the game." In Guangzhou, the local states also maintain significant power over the competitive process. First, the Civil Affairs authorities keep the licensing power over the registration of NGOs. Interested parties must first be registered with the CAB to be qualified for participating in the tendering process. Registered NGOs are subject to an annual review, during which registered entities need to submit an annual report regarding their finances, donations, personnel, existing projects and recent

[234] Paul Hoggett, "New Modes of Control in the Public Service," *Public Administration* 74.1 (1996): 9-32.

activities, as well as *ad hoc* inspections. During the tendering process, the Civil Affairs authorities also have the power to screen out bidders which fail to comply with the procurement guidelines and regulations. Noncompliant NGOs could be rejected for not abiding the requirement or not being competitive enough. Second, street governments have significant control over the selection of NGOs. Even though tender bids are assessed by an independent panel, street officials often have huge influence over the final decisions. Their discretionary power is compounded by the short tender notice period, which lasts for only 20 days – the minimum of what is required by China's Government Procurement Law and lying way below international norms.[235] According to some interviewees, a short offer period allows the street governments to inform preferred bidders earlier, giving them more time to prepare the proposal.[236]

In this sense, competition is carefully managed to the extent of having a greater choice of NGOs while giving significant power to the government over the selection process. In other words, the tendering process comprises both a market logic and a state logic. While different components of the local state wield power over NGOs, the control is not exerted on specific NGOs but rather through the procurement market in which NGOs operate. Hoggett elaborates on the impact of "managed markets":

> "The creation of managed markets introduces an entirely new mode of control, one where the locus of control is to be found in the structured sites in which public business units are forced to compete. In other words, rather than simply focusing upon the exercise of control within the organization, the new context forces us also to examine the operation of control within a field, partly structured by central government, in which the organization operates."[237]

[235] This falls behind the standard of 35 days in the UK, 40 days in Canada and 48 days in the European Union; see more on http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf, accessed October 4, 2016; The Government Procurement Law of the People's Republic of China was announced on 29 June 2002 and enacted since January 1, 2003.
[236] Interview with NGO staff (no. 6), Guangzhou, May 23, 2014; Interview with NGO staff (no. 7), Guangzhou, May 29, 2014.
[237] Hoggett, "New Modes of Control in the Public Service," 16.

This institutional environment imposes pressure on the service NGOs. To maintain organizational survival, NGOs must secure a continuous supply of resources from the procurement market. As private donation and corporate sponsorship are still underdeveloped in China, local states can provide a reliable source of funding and also supply venues where NGOs operate and provide services. The resulting reliance on the government was compared by an NGO worker to having their "hands and legs tied" (*bangshou bangjiao* 绑手绑脚): "The reason why our organization existed in the first place was the six million RMB procurement funding. Our survival depends on whether we obtain this money. So practically speaking, the government is our boss. That is not ideal, but this is reality. It is difficult for us to do something that could potentially harm government interests."[238]As a result, they tend to present themselves as professionalized service providers rather than rights-oriented NGO to remain depoliticized and increase their chances of obtaining government contracts. In order to pledge loyalty to the state, many of them set up Party cells within the organizations to echo the government's call for strengthening Party control. In addition, they also strive to maintain good relationships, or *guanxi*, with local officials to win their favour.

4.4.2 Agenda setting

Another way in which the local state imposes control on the field is to set the service agenda, including the objective and scope of their activities. Since its inauguration, Guangzhou's social service sector has been defined by the municipal government as a vehicle of service delivery. [239] As a district Civil Affairs official professed, the objective of developing community NGOs is to provide service or leisure activities and maintain social stability,

[238] Interview with NGO staff (no. 9), Guangzhou, May 30, 2014.
[239] "Guangzhou shi jiedao shequ zonghe fuwu zhongxin xiangguan canzhao biaozhun (shixing)" [Guangzhou street-level community integrated service centre reference of standard (testing)], *Civil Affairs Bureau of Guangzhou*, November 4, 2010.

rather than any forms of political activities: "The last thing we want is to introduce rights defence (*weiquan* 维权) or sensitive activities. This is unthinkable given our national circumstances."[240]

The emphasis on service provision is reflected by the design of the procurement program. All CSCs are required to serve three targeted groups – namely the youth, the elderly and families, which in turn structure the personnel allocation within the organization. Performances are measured by the quantity of home visits, individual casework, group casework and community activities, and the number of people served. This arrangement was intended to diversify service provision for different population groups, but it also serves as a powerful constraint for social workers to stick to their service scope. It circumscribes the reach of social services from those who might require the most attentive care, especially the migrant labour and their children. In a migrant neighbourhood located near the Guangzhou train station, a senior NGO worker told us that the scope prevents them from addressing the underprivileged:

> "We already have heavy workload serving the three targeted groups, and we don't have the capacity to serve the underprivileged. That's why we cannot do a lot for the migrants apart from providing counselling help or leisure activities. The government doesn't want us to intervene in the migrant problem because it is sensitive. There is also no clear instruction from the government on how to help on cases that could be sensitive or contentious, like housing demolition. Should we intervene? It's hard to decide."[241]

In other words, circumscribing the service scope defines how social problems are addressed. When a case does not belong to the three targeted client groups, NGO workers have less incentive to respond because it does not add up to their performance. In other instances, NGO workers are unable to intervene because the concerned problem is beyond their reach. In Tianhe migrant neighbourhood, an NGO director describes their inability in dealing with policy-related problems. She explained with the example of elderly transport discount card:

[240] Interview with government official (no. 2), Guangzhou, March 13, 2014.
[241] Interview with NGO staff (no. 9), Guangzhou, May 30, 2014.

> "We have many elderly migrants in our community. But we cannot help them to apply for transport discount card because they don't have a local *hukou*. We can do nothing about the policy. The government also reminds us not to deal with policy-related problems."[242]

While policy issues tend to fall within the forbidden domain, the casework approach, which focuses on the individual or family as the unit of intervention, also limits the way of how problems in the community are articulated. As Terry Leung et al. argue from a governmentality perspective, the psychological and interpersonal focus of social work makes the profession an attractive instrument for the Chinese government to discipline the individual as objects of government. Emphasizing a "people-centred" rhetoric, social work practices in China tend to problematize personal failings as obstacles to social harmony.[243] But this approach misses the political nature of personal issues. An NGO worker who works at a CSC located near urban villages recalled how a family violence case was more than just a family problem:

> "That family was always arguing, and everybody in the community knew. We tried to help by counselling, but as we did we found that the problem was a money issue, rooted in the amount they were compensated when their house was demolished during urban village renewal. But the most we could do is to sooth their tensions, because we don't know how to deal with the urban village problem. If we delved into that, it might be a 'black hole' because we would stir up a lot of similar problems which we could solve, or would the street-level government want us to solve."[244]

Others expressed similar frustration:

> "I felt more like a leisure event organizer than a social worker. The smaller events are okay because you can engage with the residents, but the larger ones are just about securing a large attendance to meet the performance standards. And it is always the same group of people who turn up! How are we different from the Residents Committee?"[245]

These accounts show that while CSCs have increased the availability and variety of services, setting the service agenda has defined the reach of services. The constraints that they

[242] Interview with NGO leader (no. 59), Guangzhou, July 14, 2015.
[243] Terry Tse Fong Leung, Ngai Ming Yip, Ronggui Huang and Ying Wu, "Governmentality and the Politicisation of Social Work in China," *British Journal of Social Work* 42 (2012): 1039-1059.
[244] Interview with NGO staff (no. 9), Guangzhou, May 30, 2014.
[245] Interview with NGO staff (no. 10), Guangzhou, May 30, 2014.

encountered, as we show, have made them look like the extension of the street governments, except that they have a more professional image than government officials.

4.4.3 Evaluation oversight

Like government contracting schemes in other countries, Guangzhou's NGO procurement has allowed the local state to maintain regulatory oversight over the NGOs awarded with contracts. The imperative to maintain strong government regulation has been repeatedly emphasized in official documents. For example, in a national meeting convened in Guangzhou calling for the expansion of the procurement program, Civil Affairs officials reiterated the importance to strengthen government oversight over contracted parties and promote industry self-regulation such that the two approaches can be "organically combined" (*youji jiehe* 有机结合).[246]

Evaluation thus serves as a routine oversight mechanism over CSCs. Within the three-year service period, contracts are renewed annually after CSCs pass the year-end evaluation. Many interviewees said that the month before evaluations is usually the most stressful period because they need to juggle between casework and preparation for the evaluation, which demands heavy paperwork. In an evaluation session I attended, the atmosphere was intense. It was held in a conference room at the street government, where NGO workers took turns to present to the street officials and a group of experts for the entire morning. The second part of the evaluation session moved back to an activity room at the CSC, where each NGO worker had their casework reports reviewed in detail. What was of particular interest was the active

[246] "Tuijin zhengfu goumai shehui gongzuo fuwu jilu" [The record of promoting government purchase-of-service contracting scheme in social work services], *Takungpao*, December 31, 2013, http://finance.takungpao.com.hk/hgjj/q/2013/1231/2143830.html, accessed October 4, 2016.

involvement of government officials in the evaluation. While the guidelines require evaluations to be conducted by an independent third party, in practice the government can be closely involved in the process. For that particular session, I was invited by a district civil affairs official, who took the lead in recruiting experts and scheduling the visit. During a follow-up interview, the official showed me a text message sent by an NGO director thanking the official for her advice. Others are less grateful of having the government participating in the evaluation process. One NGO worker vented his frustration that performance is not just correlated with their ability to serve the community, but also with whether you have good *guanxi* with officials.[247]

In short, evaluation not only keeps an eye on contracted NGOs, but also keeps them busy from doing anything outside service provision. Moreover, evaluation is also linked to the transfer of funds. Funding is not transferred once-and-for-all, but broken down into three instalments annually with the latter two remitted after each of the bi-annual performance evaluations. If the performance of a CSC does not pass the evaluation, it could be subject to a reduction or withdrawal of the funding instalments. Such arrangement adds a layer of uncertainty to service NGOs as they require sufficient financial solvency to pay for service before they receive funding. This would mean that smaller NGOs are often exposed to greater risks.

4.5 Community service centres in practice

In the following, I examine six Guangzhou neighbourhoods, and analyse the activities of NGO-run CSCs and their interactions with the street governments and the residents'

[247] Interview with NGO staff (no. 8), May 29, 2014.

committees. As Table 2 shows, these neighbourhoods cover a mix of demographic characteristics and encompass NGOs with different backgrounds. Each neighbourhood has an NGO that runs its CSC, except in one neighbourhood where two NGOs are enlisted to serve the north and south segment respectively. Two aspects will be specifically addressed. First, to what extent can the NGOs collaborate synergistically with the local states and refashion community governance? Second, to what extent can they go beyond its role as a service provider to influence governance or advocate policy changes? These case studies will show that while NGO-operated CSCs have by and large increased the amount and variety of social services for residents, their ability to stimulate bottom-up participation and bring about community self-governance remains highly questionable.

Table 2: Six selected neighbourhoods

Neighbourhood	**District**	**Characteristics**	**NGO background**
NH1	Yuexiu	Old town	University
NH2	Tianhe	Middle-class, urban villages	University
NH3	Baiyun	Urban villages	Street government
NH4	Yuexiu	Old town, urban villages	Private enterprise
NH5	Haizhu	Middle-class estates	1) Public institution; 2) Private businessman
NH6	Tianhe	Urban villages	Grassroots NGO

4.5.1 Reliance on street governments

Located at the centre of the Yuexiu old town adjoining a historic shopping area, NH 1 is one of the 20 neighbourhoods included in the procurement pilot scheme in 2008. Since inauguration, the CSC has been run by ZD, an NGO founded by social work professors in a leading Guangzhou university. The central location of the neighbourhood has put the CSC in

the spotlight, making it a popular visiting site for provincial and central officials, including former President Hu Jintao and Premier Wen Jiabao. Initially, as the NGO leader recalled, when ZD started to operate in the neighbourhood, it had a difficult time establishing its service presence. On the one hand, it was not trusted by the RCs, which had been firmly established in this old-town neighbourhood. On the other hand, the street government frequently guided the work of ZD, giving particular directions and requiring it to report periodically, due to the attention the CSC received from the upper-level governments. Gradually, ZD developed a strategy to engage more closely with the government. Accepting the fact that government interference is inevitable, it began to assist both the street government and the RCs with some of their tasks, such as promoting waste classification as and other culture-and-health-related policies. The NGO leader described this as a strategy of "embedding" (*qianru* 嵌入): "We realized that in old-town neighbourhoods, RCs have a pivotal role. In order to gain a foothold, we need to dovetail our services with theirs. Doing so not only improves our relationship with the government, it also makes us better understand the residents' needs."[248] Targeting the large elderly population in the neighbourhood, ZD also strengthened its elderly care services to differentiate from the work of the RCs. After a process of adapting itself to fuse with the governance structure, ZD found the strategy useful and experienced decreasing bureaucratic interference from the street government.

The compact size of NH1 and its relatively simple demographic composition are perhaps also reasons why ZD quickly improved relations with the government and gained relevance in the neighbourhood. ZD also runs another CSC in NH2, which began operation in 2012, but encounters a more complicated situation. Located next to the central business district in the newly developed Tianhe, NH2 consists of a large residential area with three new private

[248] Interview with NGO staff (no. 5), Guangzhou, May 23, 2014.

housing estates, or *xiaoqu* 小区, together with a half-abandoned urban village (*chengzhongcun* 城中村) whose original plan to redevelop into commercial high-rises was halted by villagers' protests against the project. Such demographic complexity, though not uncommon among Guangzhou neighbourhoods, has produced disparate service needs stemming from different groups: middle-class, villagers and migrants. However, the geographical location of the CSC has greatly limited its ability to service all three groups. Because of the lack of activity space in the neighbourhood, the CSC has to rent a premise inside one of the private housing estates. As the housing estate has installed a door access card system, this means that it is very inconvenient for non-residents visit the CSC and enjoy its services. ZD staff said that although they have attempted service outreach in the urban village, most of their services are provided within the *xiaoqu*.

Although the procurement program requires the street government to provide the service venue for free, ZD in NH2 somehow has to use its own funding to rent the CSC from the property management company. Ironically, this has led the street government to keep a distance from the CSC's operation due to its inability to provide a free space. As the centre's director revealed, the lack of active intervention from the street government gave them much autonomy in rolling out their work.[249] Besides, as the street government does not have a strong presence in the newly-established neighbourhood unlike in NH1, ZD has to forge direct relationships with the property management companies and homeowners' associations in order to get in touch with the residents. But the residents, who tend to be economically well-off, seldom require help from the social workers; thus, to appeal to the residents, ZD has to shift its service focus to the elderly and the young children, offering a range of leisure activities and childcare services. On the other hand, as the protests at the urban village

[249] Interview with NGO staff (no. 7), Guangzhou, May 29, 2014.

intensified in around 2013, the street government, attempting to relieve the standoff, asked ZD to visit the villagers' homes and distribute daily staples such as rice and oil to the villagers. Tensions hardly eased, however, and some social workers were even told off by villagers who mistook them as government agents. In the end, the street government asked ZD to stay away from the village and focus solely on servicing the *xiaoqu*.

NH3 is another neighbourhood with complex demographic composition. Situated near the Guangzhou's main train station and a leather market, NH3 consists of several adjoining urban villages hosting a large migrant population and has been notorious for its social problems and high crime rates. NH3 is the one of the first 20 neighbourhoods in the pilot procurement program. However, unlike most other neighbourhoods, the NGO that commissioned services is established by the street government itself, which makes it a government-organized NGO, or GONGO. When asked about the impact of being government-controlled, the NGO director, to my surprise, said that the street government does not interfere much with the CSC work; instead, he argued: "because of our government background, we have gained a lot of trust from the street officials."[250] Backing from the street government, he explained, has enabled the NGO to establish better presence in such an uneasy neighbourhood. He raised an example in which the NGO planned to address a long-standing problem in the neighbourhood: there were too many trucks going in and out of the leather market and sometimes parking in front of the schools' entrances, which could be dangerous for school children. Initially, as he recalled, the NGO could hardly tackle the problem because doing so would trample upon different vested interests. It then turned to the street government for help, and with their authority and resources, the NGO made progress in settling various interest groups and easing the problem.

[250] Interview with NGO staff (no. 28), Guangzhou, January 14, 2015.

4.5.2 Tacit sanctioning power of the street governments

The above cases show that both neighbourhood characteristics and the foothold of the street governments are important in affecting NGOs' ability to reach different constituencies. But unlike in NH2, street governments in most other neighbourhoods typically play a much more crucial role in determining whether the NGOs can establish strong community presence, as shown in NH1. Yet contrary to expectation, bureaucratic pressure from the street governments is not a pervasive issue among the CSCs I visited. In most cases, NGO workers said that the governments do not actively intervene into their daily operation, despite at times delegating them with *ad hoc* governmental tasks.

Rather the opposite, NGOs also tend to actively seek backing from the street governments because they need governmental authority to gain trust from other stakeholders in the community. Hence, what I observe is that the Guangzhou local states have employed methods similar to what Hsu and Hasmath call tacit sanctioning, or subtle forms of approval, in managing their NGO partners. As the following cases show, although the street governments leave them with a considerable extent of operational autonomy, they do impose certain informal parameters which bound the NGOs within the existing framework of community governance. Such parameters could vary across local states, ranging from lax to stringent, but NGOs' deviance from these parameters could result in worsening relations with the local states or the discontinuation of collaborative arrangements.

Also located in the Yuexiu old town, NH4 offers insights into the regulatory might of the street government. When the neighbourhood introduced CSC in 2012, AY, an NGO

established by a private enterprise, was contracted to provide social work services. Like many other CSCs in the old town, AY focused heavily on elderly care services to target the elderly residents, which makes up around 20 percent of the neighbourhood population. AY also provides counselling services for young army officers in a nearby barrack, who are prone to emotional sickness since they are sent from other provinces. However, the street government was increasingly dissatisfied with their work and even questioned whether the NGO had ulterior motives. An official who manages civil affairs work expressed his doubts:

> "If an NGO is set up by a private enterprise, how can it not be aimed at profit-making? If it is not for the two million RMB, will it still be here? I suspect that private entrepreneurs who create NGOs have motives other than providing services. These organizations look good on the surface because of the connections they have, but they don't invest in the services and they don't care about governance."[251]

The official compared AY with a Buddhist-run NGO that operates an elderly day-care centre in the neighbourhood, which he praises for its generosity in "drawing from its own pockets" to provide cheap lunch to the elderly. He went on to argue that the two million should instead be directly allocated to the street government because the RCs already have the capacity to provide services.

> "If we spend so much money to hire 20 social workers, we don't want them to do simple work that can be done by the RCs, like organizing an outdoor bazaar. We want them to do something the government has not done well, or even something we cannot do. That's why we asked them to assist the RCs with elderly services because they are more professional. [...] We also asked them to deal with the petition cases, those old petitioners who keep giving us troubles. We need them to do those difficult tasks rather than throwing parties."[252]

However, Mr. Zhang, a social worker of AY who previously worked in one of the RCs in NH4, argued it was difficult for social workers to address cases involving serious social problems, such as petitioning, drugs or criminal offenses, because they could involve government policies which are out of social workers' reach.[253] This prompted AY to concentrate on elderly services and play a supportive role for the RCs. The perceived

[251] Interview with government official (no. 24), Guangzhou, January 8, 2015.
[252] Interview with government official (no. 24), Guangzhou, January 8, 2015.
[253] Interview with NGO staff (no. 23), Guangzhou, January 8, 2015.

incompetence of AY by the street government finally resulted in its replacement as the three-year contract period ended in 2015. In the new round of tendering, the Buddhist-run NGO, which had by then developed a good relationship with the street officials, won the bid.

In contrast, the street government of NH5 poses a less commanding role than that of NH4, but it is characterized by a more risk-averse orientation. Located in Haizhu near a university campus, NH5 is also a demographically complex neighbourhood consisting of urban villages, middle-class housing estates, and university staff quarters. The neighbourhood is divided into the southern and northern segment, with funding split in half to purchase services from two NGOs, HF and MA, respectively. HF is an NGO established by a socialist-era collective enterprise, which had turned into a public institution in 2008 and ventured into different businesses. Since running the CSC in 2012, HF has cultivated a good working relationship with the street government and the RCs. Like ZD in NH1, it has employed a similar strategy by leveraging the RCs' deep-rooted presence to expand its service base and mobilize volunteers, and by holding periodic meetings with street officials and RC staff to gain government trust. Apart from the standard social work routines, HF initiated employment services on the request of the street government to help the unemployed in the neighbourhood to find jobs, because it could refer residents to the job openings in its mother organization. To some extent, this specialty has given HF an edge to win street officials' approval. However, despite the high level of trust on HF, the street government has taken a more risk-averse approach in sanctioning other services. As an HF social worker revealed, the street government has explicitly advised HF not to deal with cases related to petitioning or social policies.[254] Other than that, after the National Security Law was ratified in 2015, officials also

[254] Interview with NGO staff (no. 32), Guangzhou, January 15, 2015.

urged HF not to organize activities involving large number of people to pre-empt any threat to social stability.

In the northern segment, MA, an NGO established by a businessman, has encountered more difficulties in rolling out its services in the neighbourhood. Like in NH2, the CSC was also located inside a middle-class housing estate, which restricted other neighbourhood residents from accessing their services. Hence, MA has to rely on outreach services, organizing outings or leisure activities that target specifically at the elderly and young children, who have more free time to get involved. However, MA quickly faced a bottleneck in expanding its service reach. As MA's director lamented, while they wanted to mobilize more bottom-up participation from the *xiaoqu* citizens to serve the elderly, they could hardly find any volunteers even from the RCs.[255] An additional difficulty is that the southern segment which MA is responsible also includes part of a university campus, where the residents are organized separately by university groups. The director also recalled an instance in which MA had to borrow a large venue from the university to host a talk for more elderly residents due to the lack of space in the neighbourhood. However, they could never obtain any reply from the university. For MA, the difficulty to carry out services not only made it harder to meet their service targets, but also resulted in a worsening relationship with the street government, which perceived the NGO as incapable in comparison with HF. In 2015, MA was eventually replaced by HF in the new round of tender.

Tacit sanctioning by the street government is most salient when NGO activities are perceived to go against government policies, especially from the upper level. This was the case in NH6, a neighbourhood located near the Guangzhou East train station and densely populated by

[255] Interview with NGO staff (no. 29), Guangzhou, January 15, 2015.

migrants. Since 2012, the CSC has been run by GF, a grassroots NGO which was set up by a university professor to support community development in rural China. GF is one of the very few grassroots NGOs to have participated in Guangzhou's NGO procurement program, partly because its work is not considered to be politically sensitive. In NH6, GF has been given high level of operational autonomy from the street government. As GF's director told me, the street's Party secretary is young and liberal-minded and sees social work service as a helpful tool to address governance problems, particularly in relation to its large migrant community.[256] As a result, GF orients its services towards the migrants, offering childcare services, such as nursery, tutoring and affordable meals, for the migrant children whose parents typically work until late hours. During my visit to NH6, the CSC was packed with children in their school uniforms who turned the centre into an indoor playground.[257] Apart from service provision, GF is also among the very few who intends to engage more in policy advocacy, thanks to its grassroots background. In late 2014, GF worked with a local charitable foundation to research migrants' conditions in urban villages. To call for public attention on migrants, they produced a documentary film about the daily life of three migrant families in NH6 and screened the film in the CSC, which drew considerable interest from the public and the migrant residents. However, further work to relieve the plight of the migrants created friction with the local government. As the director recalled,

> "When the municipal government organized the Safe Guangzhou (*pingan Guangzhou* 平安广州) campaign to promote safety and stability in residential neighbourhoods, our street government followed suit to issue a directive forbidding peddling on the streets. But the directive affected many poor migrants who have to sell street food at night to make a living. We tried to help and proposed to organize a night market in the name of the centre. But the street government shot down our proposal on the grounds of contravening municipal policy."[258]

The incident has shown that street governments can exercise their regulatory power when they perceive NGO activities to have exceeded their parameters. For GF, the director said

[256] Interview with NGO leader (no. 59), Guangzhou, July 14, 2015.
[257] Site visit to NGO, Guangzhou, July 14, 2015.
[258] Interview with NGO leader (no. 59), Guangzhou, July 14, 2015.

that it taught them a lesson that advocacy work must be undertaken in a more subtle and low-profile manner. Nevertheless, GF has maintained good terms with the street government and is able to obtain another three-year contract in 2015.

4.6 Challenges for community governance

Generally speaking, for the government, introducing service NGOs into residential neighbourhoods is aimed at re-engineering community governance on two levels. Firstly, it aims to increase the amount, variety and quality of social services enjoyed by the citizens, especially for disadvantaged groups such as the elderly and the migrants. Outsourcing community services to NGOs is expected not only to relieve street governments and residents' committees from their service responsibilities given their heavy administrative workload, but also to introduce more innovative, engaging and socially-appealing elements that differentiate from the statist modes of welfare provision. Secondly, it intends to leverage NGOs as the local state's tentacles to induce bottom-up, organic participation in community affairs, facilitate the integration of migrants into urban life, and nurture greater sense of community and belonging. By fostering social cohesion, it is hoped that community NGOs can mitigate the potential threats to stability. However, as the above cases show, the actual practice of NGOs in Guangzhou's neighbourhoods has revealed at least three problems that could undermine government effort to refashion community governance.

First, the procurement program employs a standardized model in which each street neighbourhood runs a community service centre with the same amount of funding and same specifications on services and personnel arrangements. Although this one-size-fit-all approach guarantees nominal fairness, it is ill-suited for catering to the diverse characteristics

of the residential neighbourhoods, which differ in geographical size, population and demographic composition, and hence also in their service needs. For example, neighbourhoods with urban villages or migrants enclaves are likely to require more resources and manpower to provide services than middle-class communities. Moreover, the location of the CSC is determined from top-down by the street government, often depending on the spatial availability and sometimes its opportunity cost. Where there is a shortage of space, the CSC has to be situated at obscure or inaccessible locations, which effectively exclude some residents. An additional difficulty is the low incentive of community participation among residents. As Howell reminds us, the "pressure of marketization, commodification and intensified work rhythm" has left little time and motivation for urban residents to participate in community affairs.[259] As a result, it has narrowed the service targets of NGOs to those who have more time, namely the retired, the elderly and young children.

Second, NGOs are organizationally constrained from addressing more complicated or contentious social issues beyond fulfilling basic service needs. In the procurement market, the government favours those that position themselves as professional service NGOs, but marginalizes those with grassroots background or tendency to engage in sensitive areas, such as labour activism. NGOs that have secured government contracts are hence survivors of a vetting process that tend to be highly compliant to the government, focusing on non-political services while refraining from social and political advocacy that could confront the government. On the other hand, while the procurement program has led to a proliferation of service NGOs bidding for government projects, some of these organizations have little or even no track record in social services while some others are plagued by questionable internal governance. These are made worse by the brief development of the social work profession,

[259] Jude Howell, "Adaptation under Scrutiny: Peering through the Lens of Community Governance in China," *Journal of Social Policy* 45.3 (2016): 487-506.

which all contribute to the NGOs' insufficient capacity to address profound social problems other than just meeting basic service needs.

Third, while the procurement program has resulted in a dramatic increase of social services in terms of caseworks, home visits and community activities, NGOs can hardly reinvigorate bottom-up participation. The reason is not so much that street governments have imposed tight bureaucratic control on the NGOs. On the contrary, most street governments have in fact avoided from interfering with NGOs' internal affairs, leaving them with much operational autonomy. Ironically, it is often the NGOs that solicit backing from street officials not only to gain their trust, but also to strengthen their credibility and influence vis-à-vis other stakeholders in the neighbourhoods in order to extend their service reach. In some cases, NGOs have encountered difficulties in collaborating with the street government and the residents' committees. But even for those that have developed better relationships, it remains difficult for NGOs to introduce participatory elements or perform roles beyond a passive service provider.

The reason has more to do with the resilient structure of neighbourhood governance: building trust with the street governments often means acquiescing to and being absorbed by the existing neighbourhood governing framework. Such a process often involves the NGOs taking up or assisting with street government responsibilities, as in NH1 and NH5, or acting as alternative agents to organize community activities on behalf of the residents' committees, as in NH4. To be sure, these collaborations could create positive learning experiences for government officials when NGOs demonstrate softer and more engaging workstyles. However, they are hardly genuine collaborations between equal partners as they largely reproduce the hierarchical power relations inherent to neighbourhood governance, where

street governments maintain a commanding role. Under this structure, NGOs are expected to follow the governments' agenda more than to focus on cultivating bottom-up citizen engagement. Although citizen engagement are still needed to a certain extent for harnessing sufficient resources for social cohesion, it must be avoided for the most part to prevent full citizen empowerment and outcomes that conflict with governmental interests or challenge state power. To regulate this delicate balance, street governments often rely on informal parameters to tacitly sanction NGO activities. If NGOs fail to stay within these parameters, their relationships with local governments could be severed with governments and their chances of re-tendering service contracts could be significantly reduced. As a result, although there have been rare cases in which NGOs attempted to address more sensitive and controversial issues, the street governments in such cases served as a veto player to sanction the NGOs against the activities, as seen in NH6. The result is a mere reinforcement of the existing hierarchy of governance, which prevents the realization of bottom-up community governance.

4.7 Conclusion

This chapter has examined the rise of community-based service NGOs in Guangzhou and the remaking of local state control strategies under the procurement program. I have explained how the Guangzhou local state, in light of the incompetence of the government-run community services before the 2000s, decided to collaborate with NGOs. Given disincentives at the street governments, a top-down standardized approach was adopted in order to expand community service across the entirety of Guangzhou. Building on "local state corporatism", I have suggested a modified concept – "local market corporatism" – to conceptualize this new rationality of control as the combination of market mechanism and a corporatist measures,

which has allowed the local state to expand social services while maintaining control over a large number of NGO partners.

However, despite hopes that China is becoming a limited, regulatory state and realizing pluralized community governance in urban neighbourhoods, this chapter has also demonstrated through the actual practices of NGO in the Guangzhou neighbourhoods that the organizational inertia of government dominance has undermined the objective to stimulate bottom-up citizen participation despite increased NGO activities. Structurally, the procurement market has ensured government control on NGOs *at a distance* through a competitive selection process, agenda setting and evaluation oversights linked to financial support, which have restricted to non-contentious issues.[260] Operationally, although NGOs tend to enjoy high levels of operational autonomy from the street governments, the fact that they need to embed into the neighbourhoods and seek governmental support has reinforced and reproduced the hierarchical power relations in which the street government retains political and administrative dominance. Not only do NGO workers often have to accept governmental tasks as a gesture to gain trust from local governments, they are also bounded by the informal parameters set by street officials and kept away from potentially risky activities. These formal or informal constraints have prevented NGOs from genuinely fostering bottom-up citizen participation and maximizing the potential of community governance. Instead, the boundaries have turned many NGOs into docile service providers. The objective of "social governance" is, after all, greatly inhibited during its daily practices.

This is not to argue that service NGOs have simply been reduced to agents or appendages of the Party-state. On the contrary, many NGO workers whom I have encountered are struggling to maintain their noble ideals despite having been repeatedly frustrated by the constraints

[260] Rose and Miller, "Political Power beyond the State."

imposed upon them. One must admit that the bureaucratization of service NGOs is inevitable because the sector was basically initiated by the state and sustained by the government funding. However, one must not ignore attempts by social workers to negotiate with the state for more autonomy. As I will show in Chapter 8, some NGOs have considered social services to be a strategy to engage in rights protection or policy advocacy.

Chapter 5 Diversified Collaboration: The Dynamics of State-NGO Collaborations in Nanhai

Although located close to Guangzhou, Nanhai has experienced quite a different developmental trajectory in state-NGO collaborations. Compared to the top-down, uniformly-designed procurement program directed by the Guangzhou municipal government, NGO service provision in Nanhai is distinguished by its bottom-up implementation and service diversity. On the one hand, partnerships with NGOs are decentralized at lower-level governments – either street or township-level governments – where officials have considerable discretionary power in deciding what services to offer and with whom to work. On the other hand, Nanhai also offers a greater variety of services across different neighbourhoods. Other than social work, Nanhai's street/township-level governments have introduced different kinds of NGO services, including Party-building, child care, clinical social work and NGO incubation, in order to tailor to diverse citizen needs and to distinguish their work through service differentiation.

These variations suggest that a different form of "local state corporatism" seems to have developed in Nanhai. What accounts for these differences, and what are its implications for state-society relations? This chapter seeks to explain the diversity of Nanhai's NGO service provision by disaggregating the local state and exploring the institutional configuration of state-NGO collaboration in the locality. I argue that this distinctive pattern of collaboration was shaped not only by the decentralized capacity of local officials to work with NGOs, but also by the relatively aligned incentives between upper and lower-level governments as well as the intense horizontal competition across different territorial units. This institutional

configuration is conducive to the formation of more variegated social collaboration since it helps to resolve the coordination problems within the local state, which often pose barriers to policy reforms and innovations.

5.1 The case of Nanhai District

Located at the heart of the inner Pearl River Delta and the outskirts of Guangzhou, Nanhai District is one of the five districts in the prefecture-level city of Foshan, Guangdong. It comprises eight townships, including two street-level and six township-level governments, and administers a residential population of 2.6 million as of 2014, of which only half have local household registration, with the rest being migrants.[261] Originally a rural agricultural county and now a wealthy industrialized region, Nanhai has long been known as one of the "four little tigers" of Guangdong[262] and is widely held as a poster-child of post-Mao economic development thanks to its rapid industrialization. Like many rural localities, Nanhai experienced a spectacular industrial growth at the township/village-level after economic reforms decollectivized agricultural production and unleashed a downward transfer of fiscal responsibilities, which created massive profit incentives for lower-level governments. Former communes, brigades and production teams were transformed into rural enterprises, specializing in areas such as textiles, metals or ceramics. The transformation not only

[261] 2014 population data from Nanhai Statistical Bureau, http://tongji.nanhai.gov.cn/cms/html/6522/2015/20151125084517093204950/20151125084517093204950_1.html, accessed September 26, 2016.
[262] The "Four Little Tigers" refer to the four county-level, fast-developing economies of Zhongshan, Dongguan, Shunde and Nanhai. For more, see John Fitzgerald, "Autonomy and Growth in China: County Experience in Guangdong Province," *Journal of Contemporary China* 5.11 (1996): 7-22.

generated enormous wealth, but also brought about rapid urbanization and a massive influx of migrants seeking employment opportunities.[263]

Although this process of rural industrialization was not unique to Nanhai, two unique features have distinguished the locality's development.[264] The first is its magnitude. Nanhai is renowned for its comprehensive scale of industrialization, in which development simultaneously involves all administrative levels: county, township, district, village and individual, leading the local administration to coin the slogan "moving five wheels together" (*wuge lunzi yiqi zhuan* 五个轮子一起转). The joint-stock share system that began in the early 1990s epitomizes such comprehensiveness. Under the system, townships and villages formed joint-stock companies that hold land assets to run collective enterprises or rent to private corporations, whereas the county served as the guarantor of the system. Villagers become shareholders who are entitled to cash dividends from the companies.[265] In this way, all administrative levels together with individuals are involved in spearheading rural industrialization. The second is its decentralized, bottom-up approach to economic reform. Although rural industrialization involves virtually all levels of the administrative hierarchy, Nanhai's rural industries are marked by their "grassroots" origins. Most industrial enterprises are neither owned by the state nor by private individuals. Instead, given their transformation from the collective economic units in the Mao era, these enterprises are mostly collectively-owned by townships or villages, typically with local cadres serving as board of directors or holding shares.[266] In addition, these rural industries are primarily driven by local initiatives rather than governmental support, financed by local residents and cadres who mobilize

[263] George C. Lin, *Red Capitalism in South China: Growth and Development of the Pearl River Delta* (Vancouver: UBC Press, 1997), 141-145.
[264] Lin, *Red Capitalism in South China*, 137-141.
[265] David J. Bledsoe and Roy L. Prosterman, *Policy, the Rule of Law, and Rural Land Reform in China* (Seattle, WA: Rural Development Institute, 2000), http://www.landesa.org/wp-content/uploads/2011/01/RDI_101.pdf, accessed September 26, 2016.
[266] Lin, *Red Capitalism in South China*, 141.

capital investments from banks or relatives and investors from overseas to develop the industrial sector. By contrast, the state contributes only minimally to the provision of capital, technology or raw materials.

These two features, when compared with the institutional settings in Guangzhou, provide a perspective for explaining the unique pathway of state-NGO collaborations in Nanhai. While the comparison with Guangzhou might seem peculiar from the outset given their different geographical size, demographic makeup and administrative importance, I suggest two reasons why it is valuable. First, my comparative focus is not on the local state *per se* but rather on local state practices. Although geographic or demographic differences may affect how local state behaves, they are not necessarily the key factors that determine local state practices. Even if we account for these differences, Nanhai, despite its administrative denomination as a district, behaves like a municipal-level government with weak control exerted from Foshan. Second, similar to Guangzhou, Nanhai has been very progressive in promoting social governance reforms. With a thriving industrial economy and a large migrant population, the local state has an urgent need to invigorate social services. Beginning in the late 2000s, some street/township-level governments have begun to contract out social services to NGOs in residential neighbourhoods. Today, Nanhai already has the highest number of NGOs among all districts in Foshan, and many have obtained government contracts.[267] In 2015, officials announced that district and township combined would spend 120 million RMB on 332 NGO service projects that year, putting its per capita spending at 46 RMB, more than ten times higher than Guangzhou. In short, these two features make the comparison between Nanhai and Guangzhou possible and worthwhile, revealing how similar social initiatives could lead to diverse outcomes.

[267] "Guanyu tuijin zhengfu xiang shehui zuzhi goumai fuwu zhuanti diaoyan baogao" [A Special Report on Government Procurement of NGO Services], *Foshan Municipal People's Political Consultative Conference*, July 2013, http://www.fszx.gov.cn/jyxc/01/201312/W020131211371831989716.doc, accessed August 31, 2016.

In the rest of the chapter, I will focus on the state-NGO collaborations in two street/township-level governments – Guicheng Street and Dali Township – as well as the district-level initiatives in order to depict a rather different institutional configuration as compared with Guangzhou. The two localities are selected as the embedded cases because they have been the earliest and the most progressive sub-districts in Nanhai to cultivate the NGO sector. Their institutional differences compared with each other and with Guangzhou will be critical to the understanding of Nanhai's unique development of NGOs.

5.2 Diversified provision of NGO services

Guicheng Street is one of Nanhai's eight sub-districts with a population of over 600,000, of which only 248,000 are local *hukou* holders. As a historical market town, Guicheng has been a relatively urbanized area enclosing a number of rural villages. But with recent efforts to convert villages into urban neighbourhoods (*cungaiju* 村改居), Guicheng now supervises 31 community residential committees and only one village committee. Politically, Guicheng has an important administrative status compared with other sub-districts given that it hosts the seat of the district government. This economic and political significance has enabled Guicheng to develop into a bustling commercial and transportation hub of Nanhai, with shopping malls, gated communities, hotels and high-rise office buildings dotting its landscape. In the late 2000s, it has been designated as the strategic location to host the Guangzhou-Foshan Recreational Business District. In 2010, Guicheng introduced its first metro system, connecting the town with the western end of Guangzhou.

It is therefore not surprising that Guicheng is among the earliest sub-districts to address the deficit on public service provision. Early efforts began in the mid-2000s when the street government established a Volunteer Association (*yigong lian* 义工联) to promote volunteering services. But due to its bureaucratic nature, the initiative was far from enough in filling the public service gap. In view of this, a new approach was introduced in the late-2000s. Echoing the central government's strategic concept of "Scientific Outlook on Development" (*kexue fazhanguan* 科学发展观), Guicheng, which was selected as an "experimental spot", announced a new service delivery model in June 2009. The initiative was called Care Guicheng 关爱桂城, supported by a Community Care Fund (*guan'ai jijin* 关爱基金) with one million RMB as seed fund to purchase social services from NGOs. Led by a supervisory committee in the street government, the initiative at first started by sponsoring small-scale, community-based projects organized under the Volunteer Association, but it soon shifted focus to partnering with formal NGOs. The first two NGOs, Yangfan Social Work and WiseLove Education – both originally based in Guangzhou – were recruited in March and June 2010 respectively. Qichuang Social Service, another Guangzhou-based NGO, and the Hong Kong Social Workers Association (HKSWA), were both invited on board that October. Borui Social Work, originally from Zhongshan, also began operation in early 2011.

Compared with the one-stop-shop approach in Guangzhou, Guicheng clearly offers a much wider variety of specialized services run by different NGOs. For instance, Yangfan, WiseLove and Qichuang specialize on elderly care, migrant education and youth services respectively. Borui provides general social work services while claiming specialization in community building and dealing with petitions (*xinfang* 信访). Meanwhile, HKSWA imports professional experiences from Hong Kong and provides consultation for other service projects in Guicheng. This variegated and specialized approach was affirmed by a policy

circular in late 2010, which invited NGOs from all over China to bid for services in Guicheng and prioritized the procurement of services such as migrant services and those specialized in "rural stability maintenance" (*nongcun weiwen* 农村维稳).[268] To manage these NGO partners and assist with their registration process, the street government established a social work centre, run by government-recruited social workers, to operate on behalf of the supervision committee. In addition, a community complex – known as the "Philanthropy Innovation Centre" (*chuangyi zhongxin* 创益中心, or PIC) – was set up in August 2011, providing activity space and venue for NGO partners. By the end of 2012, the fund size expanded to 10 million RMB. Eight NGOs were recruited under the initiative, while more than 20 community projects were under incubation. These results were framed the Supervisory Committee as the 4J model, referring to the combination of *jidi* (base), *jijin* (fund), *jigou* (organizations) and *jizhi* (mechanism). This "Guicheng model" was upheld as a success in the District Social Affairs Committee (*shehui gongzuo weiyuanhui* 社会工作委员会, or SAC) founded in 2012, which compelled other townships to follow suit. In particular, the committee announced in early 2013 that each township must establish a PIC and develop social services.[269]

To the northwest of Guicheng is Dali Township, another sub-district of Nanhai. Dali has a geographical size and a population similar to Guicheng, inhabited by 610,000 residents in which 252,270 are local *hukou* holders. But different from the largely urban Guicheng, Dali was situated in a more rural setting, interspersed with traditional villages, farmlands and fishponds. After Guangdong started economic reforms in the late 1970s, Dali, like many

[268] "Nongcun zhukun weiwen xiangmu shouxian kaolv" [Rural village poverty alleviation and stability maintenance project to be considered first], *Southern Daily*, October 12, 2010, http://epaper.southcn.com/nfdaily/html/2010-10/12/content_6885800.htm, accessed September 26, 2016.
[269] "Nanhai shehui chuangyi ditu jiang tuiguang zhi zhenjie" [Nanhai's social philanthropy and innovation map will extend to streets and townships], *Southern Daily*, March 29, 2013, http://epaper.southcn.com/nfdaily/html/2013-03/29/content_7177699.htm, accessed September 26, 2016.

other rural regions in coastal China, also embarked on rapid rural industrialization. By the 1990s, the township had developed a robust industrial economy driven by township/village enterprises, concentrating on industries such as garment manufacturing and metal processing. A 2014 report even ranked Dali sixth out of the top hundred small-and-medium cities in terms of "comprehensive strength".[270] This process of industrialization also brought a large influx of migrant labour into the township, resulting in the development of urban quarters in rural surroundings and the emergence of urban villages. The migrant problem was deemed to be particularly acute for Dali because the mixture of urban and rural spaces creates further complexities for effective governance. Hence, to strengthen its governance capacity, the township government carried out progressive *cungaiju* reforms, or the conversion of villages to urban neighbourhoods. In 2011, 32 village committees in Dali Township voted to become community residents' committees (RCs).[271] As of 2015, Dali supervises 38 community RCs and no longer any village committees.

To mitigate the social problems generated by migration, Dali Township began to explore the possibility of NGO partnerships in the late 2000s. But unlike Guicheng where the street-level government took the lead, Dali began its social collaboration from a grassroots initiative, started by an RC. In 2009, the Lixiong Community RC partnered with the Boys and Girls Clubs' Association (BGCA), a Hong Kong NGO that specializes in youth development, to run the first social work service centre in the township. The partnership was initially a small-scale project, but Guicheng's lead soon prompted Dali township officials to make further progress in NGO partnerships. The Lixiong RC secured a funding of eight million RMB from the township in 2012 to renovate an old building into a seven-storey service complex. Named

[270] "Shoutui zonghe shili baiqiang zhen" [Top 100 townships in composite strength], *Xinhua*, October 17, 2014, http://news.xinhuanet.com/2014-10/17/c_1112871572.htm, accessed September 26, 2016.
[271] "Dali 32 tiaocun xiazhou san youwang tongyi guapai" [Dali's 32 villages will become residents' committees], *Southern Daily*, March 10, 2011, http://epaper.southcn.com/nfdaily/html/2011-03/10/content_6935282.htm, accessed September 26, 2016.

as the July 1 Space (*qiyi kongjian* 七一空间) with a date commemorating the founding of the CCP, the facility began full operation in mid-2013 under the BGCA, with Party-building (*dangjian* 党建) as its signature service. Besides providing social work services, it boasted a range of Party-building activities, including service outreach and coaching sessions for local Party members, with the objective of invigorating grassroots Party cells and training cadres into active volunteers and professional social workers.

As the Party-building services began to capture attention, the township authorities quickly promoted NGO partnerships in the rest of its communities. Most notably, they granted Jiayi Community RC 14 million RMB to build a new facility to host both the RC office as well as an NGO-run service centre. Elegantly known as the Dream Home (*mengjiayuan* 梦家园), the initiative aims to integrate community services with the RC to create a one-stop-shop of administrative and social services. The centre is physically located on the second floor of the RC. According to an RC staff, "residents can check out our social work services as they come to get their administrative paperwork done."[272] Naturally, migrants have become Dream Home's main service focus. Jiayi Community has been known for its large migrant population, which has been a source of potential social instability. In 2011, a fatal car accident that killed a two-year-old migrant girl in a nearby industrial park drew national attention to the locality, prompting local authorities to improve the livelihood of migrants. Hence, a core mission of Dream Home is to address migrants' needs and inculcate them with a "new Nanhai identity". Meanwhile, the RC also developed partnerships with other NGOs. A notable example is Co-Innovation, which focuses on providing care and sex education for migrant children.

[272] Interview with RC officials (No. 16 and 17), Nanhai, September 4, 2016.

5.3 Decentralized decision-making

What leads to this diversified pattern of NGO service provision? In this section, I argue that decentralized decision-making at the street/township-level explains why they devise different NGO collaboration strategies. As discussed earlier, China's rapid economic take-off after 1978 was largely the result of downward transfer economic and administrative rights to lower-level governments, which generated incentives for local officials to promote development. But while the devolution of power to lower-level bodies, especially townships and villages, significantly strengthen their fiscal strength and autonomy, the central government had become worried that this could weaken its state capacity and control. Some scholars even warned that the decline in state capacity could undermine political stability.[273] To address the problem, the central government started to reassert its control since the early 1990s. In particular, the 1994 tax-sharing reform (*fenshuizhi gaige* 分税制改革) marked the first major attempt to recentralize the fiscal system by raising the central share of tax revenue against the provincial-level governments and below.[274]

Recentralization continued with the tax-for-fee reform (*shuifei gaige* 税费改革) in the early 2000s, which aimed to reduce villagers' burdens and curtail local bureaucracies by replacing local fees with a single agricultural tax, which was also abolished in 2006.[275] As a result, many township governments have become fiscally weakened and "hollowed out".[276] On the

[273] Wang Shaoguang and Hu Angang, *Zhongguo guojia nengli baogao [A Study of China State Capacity]* (Shengyang: Liaoning renmin chubanshe, 1993).
[274] Wang Shaoguang, "China's 1994 Fiscal Reform: An Initial Assessment," *Asian Survey* 37.9 (1997): 801-817; Christine Wong, "Central-local Relations Revisited: The 1994 Tax Sharing Reform and Public Expenditure Management in China," *China Perspectives* 31 (2000): 52–63.
[275] John J. Kennedy, "From the Tax-for-fee Reform to the Abolition of Agricultural Taxes: The Impact on Township Governments in North-west China," *The China Quarterly* 189 (2007): 43-59.
[276] Tao Chiu Lam, "The County System and County Governance," in China's Local Administration: Traditions and Changes in the Sub-national Hierarchy, eds., Jae Ho Chung and Tao-chiu Lam (Abingdon, OX: Routledge,

one hand, townships are facing greater pressure of inspections, assessments and the need to attract investment from upper-level governments.[277] They also become increasingly "verticalized" as upper-level governments set up agencies at the township-level. Mertha calls this process "soft centralization", through which local bureaucracies within the territorial units (*kuai*) are centralized from the township/county to functional administrative superiors (*tiao*) in upper-level governments.[278] On the other hand, townships' revenue sources are squeezed from below. After the tax-for fee reforms, localities dependent on agriculture are especially deprived of fiscal resources to carry out regular government duties, which has reduced public goods expenditure and hurt the poorest peasants.[279]

However, this phenomenon did not seriously affect Nanhai District. Despite recentralization, Nanhai's townships have managed to retain strong autonomy over its economic and budgetary affairs. First, the tax-for-fee reforms and the abolishment of agricultural taxes did not severely impact township finances because agriculture was no longer the main source of income in Nanhai since its rural industrialization, which has converted many farmlands into non-rural use. Many townships, such as Guicheng, Dali and Shishan, are highly industrialized, allowing them to depend their finances on the thriving collective and private enterprises. Second, although the earlier tax-sharing reform surrendered a hefty share of tax revenues generated from collective enterprises to central coffers, the township authorities retained exclusive claims over the business tax. Besides, they also obtained the official *de jure* ownership of both the enterprises established under their jurisdiction and, mostly importantly, the land.

2009), 149-173; Graeme Smith, "The Hollow State: Rural Governance in China," *The China Quarterly* 203 (2010): 601-618.

[277] Smith, "The Hollow State," 606-608.

[278] Mertha, "China's "Soft" Centralization," 792.

[279] Ray Yep, "Can 'Tax-for-Fee' Reform Reduce Rural Tension in China? The Process, Progress and Limitations," *The China Quarterly* 177 (2004): 42-70.

As the local share of business tax was further reduced in the early 2000s, the recognition of land rights incentivized local officials to shift from promoting industrialization to selling or leasing land for real estate development. Land rent and land conversion income (*tudi churang jin* 土地出让金) have become a key source of extra-budgetary revenue (*yusuanwai shouru* 预算外收入) for township governments. Hence, while the budgetary income (*yusuannei shouru* 预算内收入) has been tightened by the new tax arrangement, limiting townships' fiscal capacity to pay for personnel salary and various overhead costs (summed up as the "subsistence finance" [*chifan caizheng* 吃饭财政]), the land economy, over which the township and village governments are granted exclusive rights, generated abundant extra-budgetary income to support the "public goods finance" (*banshi caizheng* 办事财政) – the expenditure over a range of public goods and services. In short, Nanhai's townships were spared from the fate of being fiscally hollowed-out. Instead, they have remained a fiscally independent government (*yiji caizheng* 一级财政). Figure 1 and 2 show the revenue for Guicheng and Dali from 2011 to 2015, where their extra-budgetary income, despite fluctuation, tends to exceed budgetary income.

Figure 1: Guicheng Street budgetary and extra-budgetary revenue

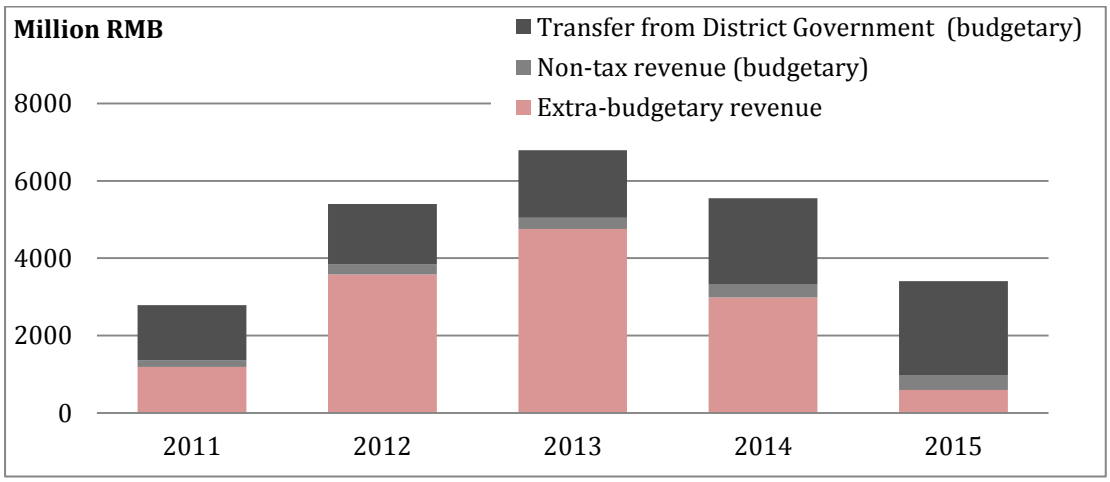
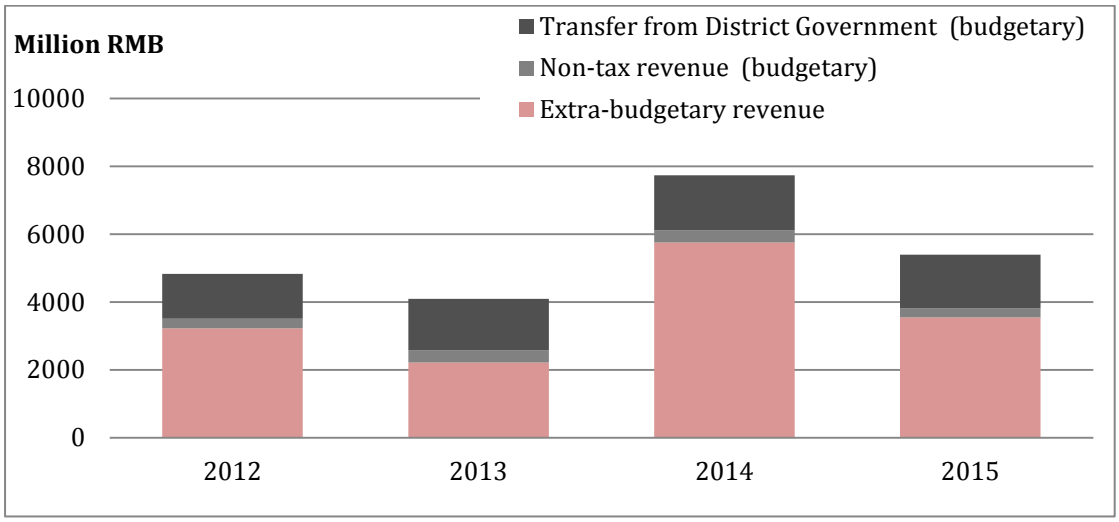


Figure 2: Dali Township budgetary and extra-budgetary revenue



Source: Financial reports of Guicheng Street and Dali Township

While the industrial and land economy has fiscally empowered the township governments, it was also Nanhai's official policy to strengthen the administrative capacity at the level of township governments in order to incentivize local development. Since the 1980s, the former county redrew its administrative boundaries of lower-level governments several times. The most drastic one took place in 2005 when 17 townships were reorganized and merged into eight larger townships, aiming at balancing development in different localities and achieving more efficient use of resources. For instance, the current precinct under Guicheng Street in fact contained three former street governments: a smaller Guicheng, Pingzhou and Fengming. In addition, the district government also learned from Shunde District and carried out the reform of *jianzheng fangquan* 简政放权, or simplifying administration and delegating powers, in order to delegate more decision-making power to lower-level governments. In 2011, district-level fiscal reform allowed the townships to keep non-tax revenues to increase their fiscal autonomy.[280] Hence, unlike in urban areas where street governments are more like

[280] While street/township governments hand in 30% to 70% of its tax revenue to the district government, they are allowed to keep a large share of non-tax revenue to increase financial autonomy.

outpost of the district government, street/townships in Nanhai enjoy higher level of autonomy and actively pursue their own interests.

The robust fiscal and administrative capacity of township governments is a key factor that explains why they have become proactive drivers of NGO collaboration. As the case of Guicheng and Dali shows, the street/township-level governments have great autonomy over what services to offer, which NGOs to partner with and how the terms are determined. In the example of Guicheng, it is the street government that solely determines how the Care Fund is spent. Such fiscal independence allows them to support collaboration with NGOs even without fiscal support from the district or municipal authorities. As a committee staff told me, "while we must maintain the policy objective set out by upper-level governments, the fact that we make our own budgets give us discretionary power."[281] But this was not the case in Guangzhou, where money must be transferred down from the municipal government.

Meanwhile, the administrative autonomy of street/township governments enables them to maintain close relationships with the NGOs. In their study of state-NGOs collaboration in Shanghai, Hsu and Hasmath argue that the local state is of utmost importance in determining the success of NGOs.[282] Using the framework of "local state corporatism", they show that the Shanghai local states – the municipal and district authorities – utilize subtle or tacit forms of corporatist measures to engage and control NGO partners. A similar pattern is observed in Nanhai, except that the "local state" here refers to an even lower-level of government – the street/township. For instance, in Guicheng, it is the street government which delegates the Care Guicheng Supervisory Committee the responsibility to oversee its NGO partners, and such responsibility includes evaluating tenders, setting the rules and regulations, reviewing

[281] Interview with government official (no. 57), Nanhai, May 29, 2015.
[282] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."

performance, arranging third-party evaluation and renewing contracts. Before the abolishment of the dual registration system, the Supervisory Committee even assisted NGO partners to find its "sponsoring agency" and obtain registration status from the Civil Affairs authorities, as many NGOs faced difficulties in the process.[283] An example is WiseLove, which could not register in the beginning because its focus on migrant education requires approval from the Education Bureau. With the committee's assistance, the NGO was finally able to obtain "sponsorship" from the local Communist Youth League (CYL) to be registered as a social association (*shehui tuanti* 社会团体), but it had to change its name into "Guicheng Youth Caring Association" to dress up with a youth focus. This complication motivated the street government to propose a ground-breaking policy: it suggested serving as the "sponsoring agency" for NGOs. Even after dual registration was abolished, the physical presence of NGOs within the jurisdiction of the township government effectively makes the latter the *de facto* sponsor, which supervises NGOs' work. For example, it selects the service locations for NGOs rather than allowing them to operate freely across the precinct. Nevertheless, NGO leaders said that there is little "overt intervention" into their work. As one NGO leader noted, "the street government pay respect to our work because it is the one who invited us to Nanhai,."[284] Similar to what Teets finds in her study of state-NGO partnerships, NGOs in Guicheng tend to enjoy large extent of "operational autonomy".[285]

Focusing on these corporatist dimensions might conceal the developmental role of the local state, however. As the proactiveness of Nanhai's townships in promoting NGO collaboration suggests, the local states are acting not only as *corporatist* bodies to tacitly sanction NGOs, but also as what Oi calls *corporate* bodies to cultivate them to achieve local state interests. Oi

[283] Hildebrandt, "The Political Economy of Social Organization Registration in China"; Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."
[284] Interview with NGO leader (no. 64), Hong Kong, October 7, 2015.
[285] Teets, *Civil Society under Authoritarianism*.

argues that local states have served as diversified corporations to coordinate township/village enterprises and promote rural industrialization, with local officials serving a role similar to the board of directors.[286] Such features of local corporate state are especially evident in the NGO procurement in Nanhai's townships. In Dali, the first NGO service provision was initiated by the Lixiong RC, which invited the Hong Kong-based BGCA to set up a local base to provide youth services. In a few years, the collaboration grew into a bigger project ordained with the objective to promote Party-building. After BGCA expressed little interest in renewing their contract since the idea of Party-building appeared to deviate from their mission[287], Lixiong RC invited Qizhi, a Guangzhou-based NGO specializing in Party-building services. In Guicheng, the street authorities similarly approached selected NGOs for collaboration, including several Guangzhou-based NGOs and a Hong Kong NGO. Based on invited tenders, this tailored approach was intended to introduce diversified and specialized social services that cater to different needs. As former deputy director Yu Haisheng said in an interview, "the most prominent feature of Guicheng's NGOs is that they follow our project needs: the fund purchases a variety of services to meet different social needs, and our team of social workers is put together around this objective accordingly."[288] In other words, both the selection of services and NGOs depend on the objectives of the local state. On the other hand, the local state also provides incubation support for NGO partners. Most notably, Guicheng's street government is the first in the district to provide incubation services, offering working spaces and professional training to support NGO partners and to facilitate knowledge transfer.

The proactive approach of Nanhai's townships reflects not only their ambition to address social needs through innovative methods, but also their decision-making power. Unlike the

[286] Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China."
[287] Interview with NGO leader (no. 66), Hong Kong, November 15, 2015.
[288] Nanhai shegong: tanlu jiceng shehui shanzhi de shengli jun [Nanhai's Social Work: A New Force Searching for Good Governance at the Grassroots], *Xinxi Shibao [Information Times]*, October 15, 2014, http://epaper.xxsb.com/showNews/2014-10-15/178251.html, accessed September 1, 2016.

street governments in Guangzhou, street/township governments in Nanhai act as neither the outpost of the district government in implementing social policies nor a gatekeeper in sanctioning NGO activities. By contrast, they drive their own social policies and design their own "corporation" of NGOs that fulfils local needs. The salient role of the street/township governments was evident in my interviews with officials and NGO workers. My interviews indicate that streets/townships have large decision-making power. For example, since 2013, the District SAC has established township-level SACs, but according to an NGO leader who works closely with Dali Township, the SAC official succumbs to the order of the township official. As a Hong Kong NGO leader recalled,

> "I work with authorities in both Guangzhou and Nanhai. In Guangzhou, it is easy for me to gain access to officials at the municipal level, even the mayor; but in Nanhai, there is no need to find the major. The highest level I need to reach to get things done is the Party secretary of the township."[289]

5.4 Separation between political and economic affairs

Although fiscal and administrative decentralization helps to explain why street/township governments are capable of initiating diverse NGO collaborations, it remains perplexing as to why they are *motivated* to promote the initiative. Addressing escalating social tensions is no doubt a key reason, but one must ask: Why does the enthusiasm develop so strongly in Nanhai but not elsewhere? Moreover, partnering with NGOs is politically risky, given their potential in disrupting social stability or challenging state power. What explain such enthusiasm? In her study on rural industrialization, Jean Oi argues that it is important to examine the incentive structure that induces rational actors to take certain course of actions. Based on this same institutionalist perspective, what is the incentive structure that motivates

[289] Interview with NGO leader (no. 66), Hong Kong, November 15, 2015.

both the district and township governments in promoting the initiative? How does it overcome the coordination problem between different parts of the local state?

For Nanhai, local states' enthusiasm to collaborate with NGO must be understood as a component of the district's broad and ambitious institutional reform known as *zhengjing fenli* 政经分离, which aims at separating political and economic affairs in rural villages. Started in early 2011, the reform was initiated because Nanhai's village governance structure was considered to be obsolete for addressing the changing social needs under rapid development and urbanization. After decollectivization in the early 1980s, Nanhai adopted the household responsibility system; but the economic boom in the Pearl River Delta created a huge demand for non-agricultural land and led to an upsurge in land value. To capitalize the gains, Nanhai introduced the "rural cooperative shareholding system" (*nongcun hezuo gufenzhi* 农村合作股份制), in which villages consolidate the land rights into the collective and form joint-stock companies, or "township and village enterprises". Generally, two levels of cooperatives are formed at the village – the group cooperative (*jingji lianheshe* 经济联合社) at the administrative village level and the small group cooperative (*jingji she* 经济社) at the natural village level.[290] Cooperatives issue shares and distribute annual dividends to villagers based on household size, and each cooperative is run by an elected management board like an economic corporation. But in practice, the board of directors is often composed of the same group of people from the village and Party committees. It is not surprising to find that the Party secretary, the village head and the cooperative head are actually the same person.

[290] One is at the administrative village level – the group cooperative – which pools together collectively-owned land and assets of the former production teams; the other is at the natural village level – the small group cooperative – which absorb the decollectivized farmland.

The success of Nanhai's rural industrialization could largely be attributed to this "unitary power structure" which meshed political and economic decision-making and left villages with large autonomy to chart their own development. But while this structure generated enormous wealth for the villages, it also gradually became a source of social problems. To start with, the domination of political and economic power in the cooperatives has generated endemic corruption. Lacking accountability, land holdings are sometimes leased or sold to firms and developers below market price, and villagers often perceive village officials to be corrupted.[291] In addition, share distribution raises questions about membership in the cooperatives. For instance, women who have been "married out" (*waijianü* 外嫁女), despite retaining their *hukou* status in the village, are often denied of their shares because they are no longer considered to be a member of their natal family. Such disputes spawn frequent petitions (*shangfang* 上访) among the claimants.

Finally, industrialization brought massive influx of migrant labour into the villages. In today's Nanhai, migrants make up half of the population. While many of them live in housing rented out by villagers, they are often excluded not only from village affairs but also from public goods provision. For example, during a site visit, a villager told me that until several years ago only villagers were entitled to using the basketball court, because "the facilities are paid by the collectives".[292] These problems compounded and generated growing social discontent and protests. A figure shows that, from 2009 to 2011, 80 percent of petition cases came from the collective economy and mainly concerned the distribution of dividends.[293] In Guicheng's Xiaxi village, for example, villagers staged a series of protests in 2009 to accuse

[291] Thomas P. Bernstein and Xiaobo Lü, *Taxation without Representation in Contemporary Rural China* (Cambridge: Cambridge University Press, 2003), 116-166.
[292] Site visit to Dali's villages, Nanhai, May 29, 2015.
[293] Xinyilun nongcun gaige yangban: Nanhai guquan fenhong moshi yinfa chongtu [Sampling New Rural Reforms: Nanhai's Shareholding Model Generates Clashes], *Caijing*, December 2013.

the cooperative head, who was also the village and Party secretary, of corruption. The event prompted Nanhai to initiate a thorough reform. In a newspaper interview, former Nanhai's Party Secretary Deng Weigen lamented that "economic collectives have 'hijacked' mass organizations".[294] Villagers often take economic complaints to the village committees, and this has dramatically changed their role as "self-governing" mass organizations.

The *zhengjing fenli* reform was designed to remedy these problems by separating the political and economic affairs at the village level. In institutional terms, it means the demarcation between three types of village organizations: Party organization, village committee and economic cooperative. The head of the three organizations have to be separately elected – by Party members, villagers and cooperative shareholders respectively. Contrary to past practices, the head of the Party and village committee can no longer serve as the head of the economic cooperatives. With separated leadership, it is hoped that the village committee will not be distracted by economic or distributive complaints so as to resume its function as a "self-governing mass organization". On the other hand, all village Party branches (*dang zhibu* 党支部) are upgraded to either the general Party branch (*dang zongzhi* 党总支) or the community Party committee (*shequ dangwei* 社区党委), so as to give Party organizations greater power to supervise village affairs.[295] More importantly, each economic cooperative is now required to form a Party branch[296], and members are encouraged to participate in the election for the cooperatives' board of directors.

[294] Guangdong jiceng gaige diyibu: Nanhai's zhengjing fenli shiyan [Guangdong's First Step of Grassroots Reform: Nanhai's Experiment to Separate Political and Economic Affairs], *Ershiyi shiji jingji baodao [21st Century Economic Report]*, November 12, 2013, http://www.chinareform.org.cn/area/inshore/Practice/201311/t20131112_180071.htm, accessed September 1, 2016.

[295] The main difference between these party organizations is size. A party branch (*dangzhibu*) contains more than 3 but less than 50 party members. A general party branch has more than 50 but less than 100 party members. A Party committee contains more than 100 party members. During Nanhai's zhengshe fenli reform, 274 party branches have been upgraded.

[296] As of December 2013, 1,358 Party branches have been established in Nanhai's economic cooperatives.

To complement *zhengshe fenli*, the district government also undertook the *cungaiju* reform to introduce the urban governance structure into villages, a process akin to what Bray describes as "community building" (*shequ jianshe* 社区建设).[297] Village committees under selected townships, especially Guicheng and Dali, were converted into community residents' committees (*shequ jumin weiyuanhui* 社区居民委员会, CRC). After the conversion, each CRC is subsidized 350,000 RMB annually by the district government for operating costs and partly sponsored by the economic cooperatives within its precinct, while CRC staff is put on the payroll of the district government. Meanwhile, villagers will be recognized as urban residents, making them eligible for the entitlements enjoyed by city dwellers, including unemployment relief and social security benefits.[298] But unlike the *cungaiju* reforms in Guangzhou which transformed collective-owned land into state ownership, the one in Nanhai has promised to keep collective ownership of land unchanged.

This series of reform resembles a process of what Charles Tilly and other scholars call "state-making" – the bureaucratization, penetration, differentiation and the consolidation of state control at its periphery and uncharted terrains. But unlike the Western European experience which was centred on war-making between states[299], China's state-making process in both the modern and contemporary era has been characterized by enduring tensions between centre and periphery as well as between state and societal forces. The central state projects

[297] David Bray, "Building 'Community': New Strategies of Governance in Urban China," *Economy and Society* 35.4 (2006): 530-549.
[298] Under China's household registration, or *hukou*, system, which was instituted the Mao era, each town and city issue its own *hukou*, which gives residents access to education, unemployment relief or social security in that jurisdiction. Rural migrants who do not have the local *hukou* therefore have no entitlements to these benefits. While the *hukou* reforms over the years have made social welfare incrementally more inclusive by granting more entitlements to rural migrants, there is no fundamental change to the system. See Kam Wing Chan and Li Zhang, "The Hukou System and Rural-Urban Migration in China: Processes and Changes," *The China Quarterly* 160 (1999): 818-855.
[299] Charles Tilly, "War Making and State Making as Organized Crime," in eds. Peter Evans, Dietrich Rueschemeyer and Theda Skocpol, *Bringing the State Back in* (Cambridge, MA: Cambridge University Press, 1985).

itself a moral agent that draws normative boundaries[300], while local elites serve as a dual agent that both supports and undermines state interests. In the late Qing and early Republican era, weakening state capacity prompted the central state to penetrate its fiscal and administrative apparatus into the local society. While this state-making process achieved some successes[301], others argue that state-making was incomplete because the exodus of local elites created a political vacuum that permitted the rise of local bullies and tyrants, leading to what Prasenjit Duara calls "state involution". [302] The Mao era introduced sweeping collectivization and centralized planning attempting to destroy local protective networks, but these "honeycomb structures" remained largely unperturbed until the market reforms under Deng Xiaoping greatly impair their ability to defend local interests.[303] However, despite the destructive effect of the market on rural structures[304], there has been a resurgence of local protective networks in recent years. Kinship networks have revived and fused with local political and economic institutions [305], which have brought about local economic development. [306] In poorer rural regions, clans and lineage, or "solidary groups", have contributed to public goods provision and better governance.[307] In sum, the resilience of local protective networks has made state-making an unfinished business.

Nanhai's reforms represent a renewed effort to strengthen state power over local economic networks. The objective is not to reorganize economic relations, destroy local networks or

[300] Patricia M. Thornton, *Disciplining the State: Virtue, Violence, and State-making in Modern China* (Cambridge, MA: Harvard University Press, 2007).
[301] Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853-1937* (Oakland, CA: University of California Press, 1993).
[302] Prasenjit Duara, *Culture, Power, and the State: Rural North China, 1900-1942* (Stanford: Stanford University Press, 1988)
[303] Vivienne Shue, *Sketches of the Chinese Body Politic* (Stanford, CA: Stanford University Press, 1988).
[304] Daniel Kelliher, *Peasant Power in China: The Era of Rural Reform, 1979-1989* (New Haven, CT: Yale University Press, 1992).
[305] Chih-Jou Jay Chen, "Local Institutions and Property Rights Transformation in Southern Fujian", in eds. Jean Oi and Andrew G. Walder, *Property Rights and Economic Reform in China* (Stanford, CA: Stanford University Press. 1999), 72-101,
[306] Nan Lin, "Local Market Socialism: Local Corporatism in Action in Rural China," *Theory and Society* 24.3 (1995): 301-354.
[307] Tsai, *Accountability without Democracy*, 12-16.

demolish village cooperatives completely, because these might greatly harm the interests of villagers and destabilize the rural society. After all, the distribution of shares and dividends by cooperatives can be a useful tool of social control to discipline villagers. Hence, the reform has a more modest goal. It aims to penetrate the modern state and its administrative organs into the economically powerful villages to strengthen the state's presence, yet keeping the collective ownership regime unchanged. In addition, it also aims to create service-oriented local governments, guaranteeing more efficient and uniform provision of public goods for both villagers and migrants, in order to enhance state legitimacy. The carefully designed reform achieved some success. As evidenced in the *cungaiju* reform, villagers appeared to be highly supportive during voting because they perceived village committees to be corrupted and to have underpaid them in dividends.

5.5 State-making through third-party service provision

My goal here, however, is not to assess the outcome of the *zhengshe fenli* reform, or whether these state-making efforts were successful – in any event, it is too early to tell. It is rather to highlight this state-making effort as the context in which the procurement of social services from NGOs occurs. I argue that local state-NGO collaborations in Nanhai should be construed as an integral component of this process. But to understand their exact role, one should first make sense of the nature of this state-making process. Rather than aiming to enhance the state's extractive capacity vis-à-vis the economic cooperatives, Nanhai's state-making is characterized more by the objective to increase the local state's infrastructural power, or the capacity to penetrate civil society.[308] Establishing collaboration with NGOs is therefore a strategy to build up this capacity. As Nanhai's former chief Deng Weigen writes,

[308] Mann, "The Autonomous Power of the State."

"defending the grassroots means strengthening the ruling status of the Communist Party at the grassroots. But how do we strengthen the Party? The penetration of social services is the key."[309]

Although the Party-state has monopolized political power through its elaborate bureaucratic and coercive apparatus, it lacks the soft edges for generating social and cultural capital. This deficiency has long undermined the regime's ability to gain widespread legitimacy. In light of this, the emergence of NGOs is considered by Nanhai's local states to be more an opportunity than a threat. NGOs could serve as the state's partners to instate urban governance in rural areas, increase social services and tackle local protective networks that evade its supervision. As Joel Migdal notes, the state often behaves as an actor in a mélange of social organizations especially at the fringe of its power, forcing it to rely on social forces and appropriate their resources and symbols to strengthen social control as well as to establish a new pattern of domination.[310] In the case of Nanhai, the local states incorporate an emerging social force which it could confidently control, i.e. NGOs, to chip away or at least supplant the power of a traditional social force, i.e. the cooperatives.

Collaboration with NGOs promotes this state-making process in three ways. The first is to leverage reliable social actors to rebuild the "transmission belt" between the government and grassroots citizens. In Guicheng, the Care Program presents a platform offering a wide array of NGO-delivered social services that targets different population segments, including the elderly, the disabled, migrant families and even entrepreneurs. This differentiated approach aiming at catering to different interests and needs distinguishes public service provision from the traditional approach offered by the resident or village committees. In addition, NGOs are

[309] Deng Weigen, *Hanwei jiceng [Defending the Grassroots]* (Wuhan: Huazhong University of Science and Technology Press, 2012).
[310] Migdal, *State in Society*, 58-94.

also "commissioned" to engage in specific tasks. In Guicheng's restive Xiaxi community, *Borui*, the NGO specializing in dealing with petition cases, has been contracted to solving economic disputes in the community and facilitating the *cungaiju* reforms. Social workers will have to "look after" a group of local petitioners who have frequently protested against the village cooperatives at different levels of government. During the tense periods of election for the cooperatives and RCs, they have to instruct elderly residents about the voting process – and, of course, how they should vote. According to Ms Xian, who worked at Guicheng's government-affiliated Social Work Centre, the introduction of social services in Xiaxi was deemed a success by street officials: "our *lingdao* saw positive results because there was a sharp reduction in petitioning; one petitioner even became a volunteer for the NGO."[311] This success prompted Guicheng officials to put more resources into NGO services in order to facilitate the *cungaiju* reform. In Leigang community, after the reform combined four smaller, urban-village RCs into a community, the street government commissioned an NGO to provide services around the theme of "community inclusion" to strengthen local belonging.

The second is to rely on NGOs as an agent to reinvigorate the local state's nerve-tips at the grassroots.[312] Dream Home in Dali Township serves as a case in point. It aims to be Nanhai's first RC *physically* integrated with a service NGO. Township officials consider the two entities to be complementary with each other. RC staff can learn the skills of social work to better communicate with the residents and carry out their tasks more efficaciously, and they are even encouraged to take exams and become certified social workers – under an initiative called *juweihui shegonghua* 居委会社工化. The two experienced RC staff workers, Mr. Sen and Ms. Jing, whom I interviewed, have both attained social work qualifications after Dream

[311] Interview with public institution staff (no. 68), Nanhai, November 26, 2015.
[312] Read, "Revitalizing the State's Urban "Nerve Tips"."

Home was established. While they admit that getting the certificate increases their promotional prospects, Mr. Sen stated that the professional skills of social work can help him implement his tasks: "To be honest, I don't think social work is a panacea because China's problems are too complicated. But at least, working with social workers is useful. It makes me think less bureaucratically and work with a softer and more flexible approach".[313] Meanwhile, service NGOs can rely on the local networks of the RC to reach out to more residents; and they can relieve social tensions resulting from the implementation of unpopular government measures. Besides offering professional social work services, the NGO also operates a group that manages rental housing (*chuzuwu* 出租屋) and the tenants, on behalf of the RC, because its community is known to have a large migrant population. While Ms. Lin, Dream Home's director, noted that the rental housing group was not successful because it is difficult for social workers to "control to whom the landlords lease their property"[314], the initiative nevertheless reflects the RC's expectation on the NGO to strengthen grassroots presence.

The third, and perhaps more progressive effort, is to foster Party-building through NGO services. The fusion of Party life and NGOs is quite a new development in China's third sector. In her study of Shanghai, Patricia Thornton describes the intensive Party-building efforts and the emergence of what she calls Party-organized non-governmental organizations (PONGOs), which aims at the reinvigoration of Party life at the grassroots level.[315] July 1 Space in Dali Township, a service hub where Party-building activities are outsourced to an NGO, is an exemplar of the PONGO model. With its overt political theme, the centre aims to become a "Party clubhouse" for both residents and Party members. The newly renovated

[313] Interview with RC staff (no. 16 and 17), Nanhai, September 4, 2014.
[314] Interview with NGO staff (no. 18), Nanhai, September 4, 2014.
[315] Thornton, "The Advance of the Party"; Patricia M. Thornton, "The New Life of the Party: Party-building and Social Engineering in Greater Shanghai," *China Journal* 68 (2012): 58-78.

building is adorned with Communist Party symbols, patriotic slogans and banners displaying recent government policies. It has a small museum documenting the history of the CCP, a large lecture hall for hosting community activities, and a rooftop garden for retired Party-members to grow fruits and vegetables. During one visit, I attended a lecture organized by Qizhi, the NGO that runs the centre, which was part of a compulsory lecture series designed for young university-educated village cadres to enhance leadership and managerial skills. Obvious effort was made to make the lengthy lecture more interesting for the young cadres: for example, Qizhi placed an instant photo machine outside the lecture hall for attendees to socialize and relax. As a service hub, the centre also organizes bi-weekly community outings and volunteering services for local Party members, with the objective to train them as active volunteers and even social workers (*dangyuan shegonghua* 党员社工化). Ms. Ouyang, a university-educated cadre and an RC official overseeing the centre, said that the centre's mission is to infuse Party life into the community and engage with more local young people:

> "Traditionally, Party-building is more effective with the elders simply because they have more time to spare. Now, with this well-equipped venue, we intend to attract more young people to use the space for leisurely activities and to serve as volunteers through which we can foster their sense of Party belonging."[316]

Picture 1: Entrance of July 1 Space



Picture 2: Activity space in July 1 Space



[316] Interview with government official (no. 56), Nanhai, May 29, 2015.

Picture 3: Party history museum



Picture 4: Instant photo machine for fun



5.6 Collective and individual incentives

An important question remains of what bridges the state-making imperative of the upper-level authorities (i.e. the district government) and the decentralized ventures of lower-level ones (i.e. street/township governments). The issue of central-local tensions over policy implementation has long been a distinguishing feature of China's political system. The system, often known as fragmented authoritarianism, is epitomized by the Chinese idiom, *shangyou zhengce, xiayou duice* 上有政策下有对策, which means that whatever the policies are issued from the top, local authorities always have counter-strategies to resist them or implement them to the benefit of the localities.[317] Such fragmentation is not just limited to central-local relations; even within local states, tensions between upper and lower-level bureaucrats also exist.[318] As we have seen from the Guangzhou case, street-level governments are much less enthusiastic about making use of the service NGOs in their

[317] Kevin J. O'Brien and Lianjiang Li, "Selective Policy Implementation in Rural China," *Comparative Politics* 31.2 (1999): 167-186.
[318] Kenneth Lieberthal and David M. Lampton, eds., *Bureaucracy, Politics, and Decision Making in Post-Mao China* (Berkeley, CA: University of California Press, 1992).

neighbourhood than the municipal-level officials. What are the mechanisms that have aligned the incentives between the upper and ground-level bureaucrats in Nanhai?

5.6.1 Recentralization through institutional creation

In Nanhai, coordination problems between upper and lower-level governments are mitigated not only by its smaller geographical size as compared to Guangzhou, but also by a series of institutional measures implemented by the district government. The first step was the establishment of the Social Affairs Committee (SAC) at the district-level in early 2012. The SAC was a new institution first created in Shanghai and Beijing in 2003 and 2007 respectively, and then extended to Guangdong Province and its municipal governments in 2011 in response to the call for social governance.[319] The Committee occupies an important but ambiguous position in the Party-state's bureaucracy. It is neither a government department nor a Party agency, but is instead a bridging unit that merges the Party and government and operates across the *tiao-kuai* matrix, aimed at breaking the departmental barriers often encountered by functional departments, such as the Civil Affairs system. This kind of integrative mechanisms has been common in China's political system, which ranges from leading small groups at the central government to policy taskforces at the local level, a topic to which I will return in Chapter 6. To bridge across the fragmented bureaucratic system, the SAC has enlisted representatives from Party units, government agencies and mass organizations, and is chaired by the district's Party Secretary. Its main task is to promote social governance innovations and ensure a balanced development of NGO service provision across the district based on the success of Guicheng's Care Program. In order to promote

[319] "Jinghuyue shegongwei yunxingtu tanwei" [A glimpse into the Social Affairs Committee in Beijing, Shanghai and Guangdong], *Xinhua*, October 19, 2011, http://news.xinhuanet.com/politics/2011-10/19/c_111106035.htm, accessed September 26, 2016.

Guicheng's experience, the district government appointed Yu Haisheng, the deputy director of the Care Program, to become SAC's deputy director.

In light of fiscal and administrative decentralization at the street/township governments, the SAC has implemented several measures to re-centralize NGO development. After leading the SAC, Yu promoted Guicheng's model to equip each sub-district with the relevant components, as well as what he called the 1+8+N model. Under it, there would be a Philanthropy Hub (*chuangyi yuan* 创益园) to serve as headquarter for the district; and each of the eight sub-districts would follow Guicheng to set up its own PIC, equipped with its own procurement fund. The N refers to the numerous NGOs in each sub-district contracted by the local states respectively. In order to secure the compliance of the sub-district governments and ensure consistency, the district government extended the SAC organ down to the street/township-level, a process akin to what Andrew Mertha describes as "soft centralization".[320] While this first phase of institutional building was completed by late 2013, the next phase shifted to the creation of socially-oriented institutions. In late 2014, the SAC established the Nanhai Social Service Association (*Nanhai shehui fuwu lianhui* 南海社会服务联会) as an industry association to consolidate the fragmented landscape of Nanhai's NGOs, set industry standards and facilitate exchanges among over a hundred member organizations.[321] As a district official conceived, "the SAC serves as a coalition of Party-state organizations while the SWA that of social service organizations – the dual structure is important for the rapid but orderly development of grassroots governance."[322] On the other

[320] "Nanhai ba zhenjie shegongwei" [Eight street/township-level Social Affairs Committee were established], *Southern Daily*, July 31, 2012, http://epaper.southcn.com/nfdaily/html/2012-07/31/content_7108998.htm, accessed September 26, 2016.
[321] The SSA divides member organizations into three categories: grassroots organizations, professional service organizations and resource organization.
[322] "Nanhai chengli neidi shoujia shehui fuwu lianhui" [Nanhai establishes its first social service association], *Southern Daily*, May 23, 2014, http://epaper.southcn.com/nfdaily/html/2014-05/23/content_7307262.htm, accessed September 26, 2016.

hand, the SAC also announced the establishment of Social Policy Observatory (*shehui zhengce guancezhan* 社会政策观测站) in all sub-districts, where NGOs would serve as a "weather station" to make policy proposals (*she'an* 社案).[323] The objective is to create a feedback mechanism through which "residents order dishes for local officials to cook them", so that reluctant lower-level governments can be forced from below (*daobi* 倒逼) to undertake reforms either through administrative measures or procuring NGO services.[324] An annual policy contest was organized in conjunction to select these proposals for implementation. In 2014, 40 policy proposals were selected from 166 entries, and winners were awarded with government funding to implement them. Co-innovation, an NGO based in Dali Township, was awarded the top prize for its sex education initiative targeting migrant children in Jiayi community. Its founder Mr. Li said that since the funding came from the district-level rather than the sub-district, it not only gives them financial support but also enhances their bargaining position with the township governments and other local stakeholders.

While these recentralization measures help to strengthen the role of the district by compelling lower-level governments to follow its policy framework, not all of such efforts were successful. Take the township-level SAC for example. Although they are technically accountable to the district SAC, they are in practice subsumed under the sub-district government, primarily because it has a leadership relation (*lingdao guanxi* 领导关系) with the sub-district, which still determines their evaluation and promotion. Li recalled an

[323] "Nanhai qu shehui zhengce guance tixi jianshe fangan" [A proposal for creating the Nanhai District Social Policy Observation], Nanhai district government, September 2013, http://www.nanhai.gov.cn/cms/html/7962/2013/20130912103542519817480/20130912103542519817480_1.html , accessed September 26, 2016.
[324] "Gongzhong keti 'she'an' daobi gonggong zhengce wanshan [The public can exert pressure on the government to perfect policies]", *Southern Daily*, May 31, 2013, http://epaper.southcn.com/nfdaily/html/2013-05/31/content_7194988.htm, accessed September 26, 2016.

experience of meeting with the Dali township authorities, during which he observed that township official was the one in charge while the SAC representative was merely "sitting on the side".[325] Another example concerns the setting of standards regarding the procurement procedures and evaluation benchmarks. Although the SAC and SSA attempted to create district-wide standards, sub-districts tend to resist or disregard them. For instance, in Nanhai, as in Guangzhou, every open tender is required to have at least three bidders. In the case of a service NGO in Guicheng, as its contract period came to an end, the new tender received no other bidders other than the incumbent. Guicheng Street eventually defied the district standard, changing the open tender to a closed one.

5.6.2 Competition between streets/township governments

Although the SAC could not recentralize power entirely given the strength of street/township governments, it could at least provide an overarching policy direction, which aligned the lower-level governments with enough incentives to expand NGO service provision. But how do we explain the diverse paths they undertook? How is the collective incentive translated into the individual ones? An equally important mechanism is the intra-governmental competition among the lower-level governments, which not only compete with one another for investments and industrial output, but also over performances in public goods provision. For instance, after the Care Program made Guicheng a role model for emulation under the newly-established SAC, Dali township officials saw the need to "catch up" by expanding NGO service provision. However, they also realized they must differentiate by having their own model (*moshi* 模式) rather than emulating Guicheng entirely. As a result, township officials came up with the idea of using Party-building as Dali's service theme. As an RC

[325] Interview with NGO leader (no. 55), Nanhai, May 28, 2015.

official in Lixiong community said, "in Guangdong region, people are often not so explicit about the Community Party; but we adopted the concept not just because we want to follow the Party line but also because it was experimental. It gained strong support from the local Party branch, and many cadres from central and local governments came to visit."[326]

Another example is how the procurement fund was named in each township. After Guicheng Street named its fund as the Care Fund (*guanai jijin* 关爱基金), other townships did not want to follow suit because they each want to distinguish themselves from others. As a former Guicheng Street official said, naming is part of branding (*pinpai* 品牌), which gives the NGO collaborations an overarching theme.[327] To differentiate from Guicheng, Dali Township, for example, named it as Harmony and Care Fund (*guanai gongrong jijin* 关爱共融基金) to add emphasis on harmonizing with migrants. Other townships also adopted different names to reflect local specialization: Lishui's *qunyi* (charity for all 群益) fund, Xijiao's *zhishan* (perfect kindness 至善) fund, or Shishan's *shuben* (upright 树本) fund. The tendency to differentiate from one another was best illustrated by Dali Township's more recent expansion of NGO services. The township not only announced a large budget to purchase services from NGOs, but also organized a local fair to match-make between governments and NGOs. According to an NGO leader,

> "The township organized the fair just before the district government did their own. The two fairs could have been combined to save costs, but the township insisted to hold its own. Moreover, it was strange that the township held it *before* the district did so, because doing so could make the latter lose face. It definitely helped the township to gain a lot of attention in the media, but district officials were probably unhappy."[328]

These examples reflect the intense competition among Nanhai's sub-districts to outperform others in social service provision, similar to their rivalry for economic growth. But unlike

[326] Interview with RC official (no. 15), Nanhai, September 4, 2014.
[327] Interview with government official (no. 57), Nanhai, May 29, 2015.
[328] Interview with NGO leader (no. 67), Nanhai, November 23, 2015.

economic development, social services incur costs rather than generate profits. Given this nature, what motivate local officials to outperform others are not profit incentives but their prospects to advance in the *nomenklatura* system. In Nanhai, although social governance has been integrated as part of cadre evaluation criteria, there are no good indicators, unlike measurements for economic development such as GDP growth or industrial output. A key reason is that social services are mainly preventive and may not have immediate effect. Hence, apart from assessing cadres based on the number of service projects, higher-level governments have to rely on their "innovativeness", which explains why branding is so important to these state-NGO collaborations. Not surprisingly, the focus on competition and branding has drawn criticisms, even from NGO leaders. A NGO worker, for example, complains that some initiatives were too superficial, as they are "aimed at cadre promotion rather than doing actual work".[329]

Indeed, collaborations with NGOs have provided a new avenue for local cadres to act as policy entrepreneurs, proposing innovations and competing for achievements. As Teets put it, "local officials are engaged in a process where they are learning that an innovation strategy is the most successful path to career advancement (and also to solving persistent local problems)".[330] Examples abound in Nanhai. A notable one is Yu Haisheng, whom many of my NGO interviewees described as one of the most important figure in Nanhai's NGO development. After spending several years as an official in Guicheng Street to direct the Care Program, Yu was promoted to be the deputy director of Nanhai's SAC for his achievements in developing NGO services in the sub-district. After spending three years in the SAC, he was promoted to head the Education Bureau in Lishui Townership and also become its Party committee member. Another official, Kuang Yingxin, who supervised the sub-district's CYL

[329] Interview with NGO leader (no. 67), Nanhai, November 23, 2015.
[330] Jessica C. Teets, "The Politics of Innovation in China: Local Officials as Policy Entrepreneurs," *Issues and Studies* 51.2 (2015): 79.Teets, "The Politics of Innovation in China."

and became the first director of the Guicheng's PIC from 2011, was promoted to be the deputy director of the Care Guicheng Supervisory Committee in 2015. Li Zhilun, who was originally the Party work secretary in Guicheng Street, was transferred to Dali Township to become its Party secretary in 2011. His effort to promote services in Party-building and migrant labour was regarded a policy achievement, or *liangdian* 亮点, in Nanhai. Li was later promoted to lead the district's Development, Planning and Statistics Bureau in 2013 and subsequently the Finance Bureau in 2014.

5.7 Conclusion

This chapter has examined the decentralized model of state-NGO collaborations in Nanhai District and has explained how this has led to diversified provision of NGO-delivered services. I argue that robust fiscal and administrative autonomy at the street/township governments have enabled them to devise unique strategies of collaboration with NGOs to fulfil local needs and promote interests of the local states. But while these institutional factors have made decentralized policy-making possible, one must also identify the incentives that give rise to their eagerness to work with NGOs. On the one hand, under the impetus of separating political and economic affairs in rural villages, NGO-delivered services have become a vehicle for local states to penetrate state power into the economically-powerful villages through state-sponsored provision of public goods. On the other hand, having become an aligned goal between upper and lower-level bureaucrats, forging social collaborations have opened up a platform for local cadres to compete for achievements through policy innovations, which give them better prospects for promotion.

Chapter 6 Varieties of Local State Corporatism

In the previous chapters, I have examined state-NGO collaboration in Guangzhou and Nanhai and explained why and how they have adopted different approaches. While the Guangzhou municipal government has pioneered a centralized NGO procurement program across its residential communities, Nanhai has employed a more decentralized approach in which street and township governments devise disparate strategies to collaborate with NGOs. Rather than adopting the standardized model as in Guangzhou, Nanhai's NGOs tend to develop specialized services and unique features to respond more flexibly to particular social needs and promote specific state interests. How do we characterize the different institutional configurations of local state-NGO collaboration? How do these variations shape different governance outcomes?

In this chapter, I argue that it is important to further distinguish between different modes of local state involvement to account for local patterns of civil society development. While local states generally employ corporatist measures to engage with NGOs, these measures are shaped by disparate institutional configurations. Such configurations depend on two factors: first, whether the local territorial states (*kuai*) have enough incentives to initiate collaborations with NGOs; and second, whether the collaborations are mediated directly by the local states or indirectly through intermediary agents. I argue that these micro institutional foundations are crucial to determining the nature of the local corporatist states with regards to the NGO sector, which in turn influence their governance capacity as well as the strategies taken by NGO partners to promote their goals.

6.1 The role of local state

Much scholarly attention has been focused on the role of the local states in unleashing China's spectacular economic growth. As I have explored in the introductory chapter, local states, rather than being merely extensions of the central state, have pursued their own economic interests, espousing different involvement strategies that scholars have characterized with terms such as developmental, entrepreneurial, predatory or clientelist.[331] To describe the diversity of local state involvement, Jude Howell suggests that the Chinese state "is best understood as polymorphous, assuming multiple, complex forms and behaviours across time and space, and defying reduction to a unitary actor."[332]

However, since the 1990s, in light of the social problems emerging under the market reforms, Chinese local states began to address the growing deficiency of welfare provision and looked to NGOs to strengthen their governance capacity. As a result, scholarly attention has turned not only to the rise of the NGO sector and its relationship with the central state[333], but also to the growing interactions between local states and NGOs. As Hsu and Hasmath point out, with the expansion of NGO activities at the local level, local states are playing an increasing role vis-à-vis the central state in determining NGOs' success.[334] They argue that local states, rather than using overt measures of command-and-control, have adopted tacit sanctioning as a modified corporatist framework to engage with NGOs. This framework involves three key elements: 1) local states create and maintain the collaborative relationships; 2) social organizations are selected through a process by the states to mediate or serve the interests of their constituents; 3) such organizations must adhere to the rules and regulations set forth by

[331] Baum and Shevchenko, "The 'State of the State'."
[332] Howell, "Reflections on the Chinese State," 273.
[333] For example, see Lu, *Non-governmental Organizations in China*; Ma Qiusha, *Non-governmental Organizations in Contemporary China: Paving the Way to Civil Society?* (Abingdon, OX: Routledge, 2006).
[334] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."

the state. As such, state-NGO collaborations are formed on the basis that NGOs will be granted considerable operational autonomy but subject to tacit approval and disapproval by the local state to temper their proactiveness. In a similar vein, Jessica Teets proposes the framework of consultative authoritarianism to describe the increasing participation of fairly independent social organizations guided under an indirect system of state management.[335] Similar to tacit sanctioning, local states under consultative authoritarianism use a mix of positive and negative incentives to guide social organizations according to government directives.

Generally, local states play several key roles in fostering the development of the local NGO sector. First, local states decide whether and how to initiate collaborations. They determine what kinds of project will be launched, design the mechanism through which NGOs compete for projects, and select partners accordingly. There is, however, no single explanation for why local states decide to launch NGO collaborations. Collaboration may occur as a result of policy learning or innovation by local officials, or the transfer of officials from other localities that have experiences working with NGOs.[336] Nor is there any single institutional mechanism adopted by all local states to run collaborative projects. Collaborations can be either project-based in which NGOs are awarded contracts, or position-based in which NGO personnel are hired for specific government positions. In addition, collaborations can adopt either an institutionalized model in which services are standardized and strictly regulated or an *ad hoc* model in which a more diverse range of services is provided under shorter or more informal contracts.

[335] Teets, "Let Many Civil Societies Bloom."
[336] Teets, *Civil Society under Authoritarianism*, 38-78; Jessica C. Teets and William Hurst, eds., *Local Governance Innovation in China: Experimentation, Diffusion, and Defiance* (Abingdon: Routledge, 2015), 1-25.

Second, local states must exercise control over NGO partners to pre-empt any potential challenges to social stability and state power. Although these NGOs are mostly service-oriented and rarely politically contentious, they constitute latent threat for local states because they could be empowered through mediating and servicing the interests of various social groups. Thus, local states employ a variety of corporatist tools to ensure ongoing oversight. One important tool is legal registration, which brings registered organizations and their activities under constant government scrutiny. Registration is often important for NGOs because, even though they can technically operate without a legal status, it gives them more operational freedom to open bank accounts, seek funding or minimize the whims of government interference, as well as more opportunities to seek formal governmental ties and bid for government projects.[337] Another tool is the rules and regulations that discipline NGO activities once collaborations are forged. For instance, local states can design the contractual terms and service scopes by which NGOs must follow to avoid being punished or losing chances to bid for future projects.

Political risk is only one among many considerations, however. Local states are also concerned about whether NGOs are capable in promoting their interests since many NGOs are newly-established as a result of the rapid expansion of government procurement and lack experience. Hence, a third role is to ensure that potential NGO partners can effectively serve state interests. Local states must strike a fine balance between monitoring NGO partners and granting them considerable autonomy not just to operate under minimal bureaucratic intervention, but also to excel and innovate in the long run. Moreover, if local states wish to expand their collaboration program to incorporate more NGOs, they must also deal with a range of issues: How do they identify local needs? How do they coordinate the components with the local state apparatus to effectuate meaningful collaborations? How do they manage

[337] Hildebrandt, "The Political Economy of Social Organization Registration in China."

multiple NGO partners simultaneously without exercising stringent controls to the extent of stifling their operational autonomy? How do they measure the performances of NGOs and ensure that government money has been well spent? To do these, local states must devise and calibrate effective institutional mechanisms.

6.2 Local state variations

Existing studies have offered a range of conceptual tools for understanding the involvement of the Chinese local states in the NGO sector, such as Howell's welfarist incorporation, Teets' consultative authoritarianism or Hsu and Hasmath's local corporatist state. While these tools serve to outline the trend of growing local state-NGO interactions and reveal the corporatist tools at the disposal of local states, they fall short of identifying and differentiating the variegated modes of local state involvement. As I have demonstrated in Chapter 4 and 5, Guangzhou and Nanhai have adopted different collaborative strategies with NGOs, the former through a centralized scheme procuring standardized services and the latter a decentralized programme forging diverse linkages. In this chapter, I seek to further theorize local state involvement in the NGO sector to account for the different institutional foundations and practices through which local states forge and maintain collaborations with NGOs. Just as how local states could act as economic actors and adopt different strategies, they could also undertake a variety of approaches in cultivating their own civil societies.

I argue that two variables are crucial to determining different modes local state-NGO collaborations. The first variable is *whether a local territorial state has the incentive to collaborate with NGOs*. The local territorial state here refers to the lowest level of the Party-state's administrative hierarchy, namely the street governments in urban areas or the

township governments in rural areas, or the *kuai* authority. Being the state unit that directly administers residential neighbourhoods or villages, local territorial state decides whether to initiate collaboration with service NGOs in their jurisdiction depending on whether there are enough fiscal or administrative incentives. Incentives to promote the NGO sector are high when a local territorial state has strong fiscal capacity and/or when its officials have career motivations associated with this goal. If so, the local territorial state tends to proactively initiate collaboration with NGOs. But if incentives are low, then incentives must be trickled down from above – often the functional agencies (*tiao*) that seek to extend their portfolio (*yewu* 业务) in specific locations – in order for the local territorial state to initiate collaboration. Otherwise, collaborations are unlikely to occur. Conceived as such, this variable is therefore a function of the political configuration of local territorial states.

The second variable concerns *how the collaboration with NGOs is being mediated*. After initiation, collaborative projects can be directly run by the local territorial state, or indirectly managed through one or more intermediary organizations established or sanctioned by the initiating government unit. Here, intermediary organizations are defined as the non-state organizations or the quasi-state organizations that link the government and other social organizations. In contrast to the first variable which is largely predetermined, this variable is a strategic choice made by the government unit that initiates NGO collaboration. Risk-taking and open-minded officials are more likely to entrust state power to intermediary organizations for mediating collaborations.

These two variables result in a variation of institutional configurations that maintain different patterns of local state-NGO relations. Using these two variables, I construct a typology (Figure 1) with four ideal-type outcomes. To begin with, when a local territorial state has no

incentives to initiate collaboration and when the *tiao* authorities do not supply these incentives, no collaboration will occur. But when the *tiao* authorities trickle down the incentives, collaboration can be initiated. In such cases, collaborations tend to be *regulatory* when they are mediated by the local territorial state, which are more risk-averse and more likely to regulate and constrain NGO partners. By contrast, they tend to be *top-down developmental* when mediated by intermediary organizations, which are likely to devise broad policy directions involving the NGO sector and nurture the professional capacity of NGO partners. On the other hand, when a local territorial state has the incentives to initiate collaboration, it is more likely to proactively forge partnerships with NGOs. Collaborations tend to be *clientelist* when they are mediated directly by the local territorial state, which is likely to bound NGO partners under a patron-client relationship; they tend to be *bottom-up development* when mediated indirectly through intermediary organizations, which enable the local state to be a policy entrepreneur not only in nurturing NGOs for the advancement of local interests, but also in engaging them proactively in addressing diverse local needs and effecting occasional policy changes.

Figure 1: Typology of local state involvement in the NGO sector

		Who mediates collaboration?	
		Local territorial state	Intermediary organizations
Does local territorial state have incentive to initiate collaboration?	No	No collaboration	No collaboration
	No, but incentives are supplied from *tiao* authorities	Regulatory (Tiao-driven)	Top-down Developmental (Tiao-driven)
	Yes	Clientelist (Kuai-driven)	Bottom-up Developmental (Kuai-driven)

These four ideal-types of local state involvement describe not only the unilateral roles of the local state, but also the patterns of local state-NGOs interaction that structure existing and future collaborations. I further argue these interactive patterns result in varying degrees of infrastructural power of the local state, which I measure by disaggregating into three components: 1) *service coverage*, 2) *service diversity*, and 3) *policy leverage by NGOs*. As I will show, while collaborations with NGOs have generically improved the governance capacity of local states by increasing social service provision, the extent of such capacity varies across different modes of local state involvement. Regulatory states have increased NGO service provision, but lack service diversity and policy leverage by NGOs. Clientelist states are able to provide a greater variety of services, but their tight control over NGOs hamper NGOs' participation in policy-making. Development states, due to greater spaces granted to NGOs, are likely to provide diversified services and facilitate policy participation.

I focus on three types of local state involvement: the regulatory state in Guangzhou, the clientelist state in Dali Township, and the bottom-up developmental state in Guicheng Street. While my fieldwork did not produce a full case study for illustrating a top-down developmental state, I will briefly discuss the case of Shanghai to outline this kind of local state involvement.

6.3 Regulatory state: Guangzhou

As elaborated in chapter 4, Guangzhou has taken a centralized, top-down approach to launch social work services. Initiating the process is the Civil Affairs Bureau (CAB) at the municipal government. Traditionally responsible for making social welfare policies, the CAB sees social work as a new form of community-based service to echo the central government's call

for social governance reforms. Serving as the chief architect of the NGO procurement program, the CAB designs the scope of services, set the rules of collaboration, determines the evaluation standards, sponsors the projects and registers new service NGOs. In turn, the district-level CAB serves as its arm and implements the program at each district. Their tasks include overseeing service delivery at street neighbourhoods and liaising with third-party agencies to evaluate NGO services. Finally, the task of supervising service NGOs on a daily basis falls on street governments. Aside from providing venues, street officials also exercise control on them to make sure their activities stay within the sanctioned boundaries.

In other words, while functional authorities (*tiao*) at the municipal and district-level initiates the procurement program, territorial authorities (*kuai*) at the street-level handle its ground-level implementation. As I have argued in chapter 4, this centralized form was adopted mainly due to Guangzhou's local state structure and the corresponding incentives and constraints. Unlike in Nanhai where street/township governments have strong fiscal revenue extracted from collective enterprises and land sales, Guangzhou's street governments are more cash-strapped and lack the incentives to pioneer decentralized collaboration. Under the tax sharing system adopted in 1994, both the district and street governments have to rely on fiscal transfers from the municipal government to make their ends met. Hence, their incentives to sponsor NGO collaboration using their limited budget are extremely low. Another factor has to do with Guangzhou's urbanized environment. Its high degree of urbanization has diffused state power more or less evenly across the territory through the presence of architectures of urban governance.[338] Hence there are fewer incentives, as compared to the more rural Nanhai, for Guangzhou's territorial governments to penetrate

[338] Arguably, however, despite being highly urbanized, Guangzhou retains a number of urban villages and has recently integrated with rural peripheral regions where traditional "honeycomb structures" still exist. See, for example, Him Chung and Jonathan Unger, "The Guangdong Model of Urbanisation: Collective Village Land and the Making of a New Middle Class," *China Perspectives* 3 (2013): 33-41.

their reach through service provision. The lack of incentives has been reflected by the municipal government's half-completed reform to expand community services in the mid-2000s, which gradually relapsed into a statist model as public resources were channelled into state or quasi-state organizations.

To stimulate reform and implement community services across Guangzhou, stronger incentives must be trickled down from above. In the late 2000s, the municipal CAB took the lead and announced the citywide social work procurement scheme. Initially a pilot program involving only 20 neighbourhoods, it expanded in 2009 to cover most of the city's neighbourhoods. Given the large number of neighbourhoods and their diverse socioeconomic and demographic background, the municipal CAB designed a standardized program to implement across all neighbourhoods regardless of their geographical and population size. A competitive bidding system was simultaneously introduced for the street governments to select NGO partners based on a marketized system. This centralized approach is aimed to provide a platform with which local territorial states, given their diverse characteristics and the general lack of incentives to expand service delivery through NGOs, can readily comply with the program. Secondly, as an CAB official told me, a centralized approach is needed simply because "Guangzhou is the provincial capital":

> "Guangzhou has particular political importance. We have to take a cautious approach to any reforms because what we do here will have a demonstrative effect on other cities in the province. And given the magnitude of the scheme and the amount of money spent, we have to set strict rules to make sure everyone is on the same page."[339]

Under this institutional configuration, street governments are given the role of implementing and enforcing a top-down policy. In practice, however, they act like a gatekeeper to regulate the activities of their NGO partners. In my interviews, street officials tend to regard their role as implementing one of the many tasks out of a range of political, administrative, welfare and

[339] Interview with government official (no.1), Guangzhou, March 13, 2014.

cultural responsibilities delegated by the district governments. As a Chinese political idiom "a thousand lines above, only a single needle below" (*shangmian qiantiao xian, xiamian yigen zhen* 上面千条线、下面一根针) suggests, the street government is often the "single needle" handling an excessive amount of tasks.[340] Although the introduction of community NGOs, in principle, has relieved the street governments from its welfare responsibilities, it is seen differently from the perspective of street officials. Many regard it as an extra task because it demands additional effort in supervising and monitoring a new community actor.

I describe this type of involvement as the *regulatory state*, which not only takes a passive attitude towards service collaboration but also tends to regulate more than nurture NGOs. Regulatory states often act as the gatekeeper or veto player in engaging with NGO partners. The issue of venue allocation offers an example. According to the CAB procurement guidelines, service venues should be provided to NGOs either for free or at a small cost.[341] But for street governments, these spaces are profitable assets because they could be rented out, especially in the case of Guangzhou where rental prices are high. Hence in some neighbourhoods, local officials are reluctant to give out such spaces for free, and instead ask for rental payments from NGOs. As NGOs typically run a tight budget after paying for their hefty expenses, additional rental costs impose a significant financial strain on their balance sheets, which hinder their development. Street official Mr. Huang responded bluntly and questioned the necessity of NGO community services:

> "Why do we need an extra two million for work that can be done by the residents committee? I could hardly see how different NGOs are. Why shouldn't it be directly allocated to us to increase our welfare services? That would make things easier. But of course, we have no choice. It is a national policy."[342]

[340] Chan, *The Myth of Neighbourhood Mutual Help*, 95.
[341] "Guanyu jiakuai jiedao jiating zonghe fuwu zhongxin jianshe de shishi fangfa [Implementation measures for speeding up the construction of Family Integrated Service Centre], *Guangzhou municipal government*, July 2011.
[342] Interview with government official (no.30), Guangzhou, January 15, 2015.

His comment not only reflects the budget constraint across territorial states in Guangzhou, but also illustrates the reluctance of street officials to consider NGOs as vital partners in neighbourhood governance. This partly explains why in some neighbourhoods, street offices have even established their own NGOs as private non-enterprise units to bid for government contracts.

An additional reason is the lack of trust. For street officials, bringing NGOs into their jurisdictions generates political risks, since NGOs might threaten political stability even by providing social services to marginal groups. To pre-empt these challenges, street officials are often sensitive to NGO activities. In many of the neighbourhoods I visited, NGO workers said that although the street offices typically do not intervene into NGOs' everyday work, they require NGOs to seek their permission whenever group activities are involved. In a Haizhu neighbourhood, NGO worker Ms Lian recalled an instance when a residents' meeting was organized at the NGO to discuss the improvement of community facilities.[343] Street officials stopped the meeting from taking place on the ground that it did not gain prior permission. In Tianhe, following a series of street cleaners' strikes in 2014, a service NGO initiated services that target street cleaners in the community. However, concerned that it could spawn collective actions, local officials instructed the NGO to refrain from using a rights-oriented or mobilizational approach, and to instead focus on providing counselling support.[344] Indeed, as I have argued in Chapter 4, street governments tend to employ both positive and negative interventions to prevent their NGO partners from undertaking policy advocacy. Even though NGOs are able to enjoy considerable operational autonomy, the regulatory nature of the territorial state tends to constrain their role within service provision and keep them away from policy advocacy.

[343] Interview with NGO staff (no. 43), Guangzhou, February 4, 2015.
[344] Interview with NGO staff (no. 7), Guangzhou, May 29, 2014.

6.4 Clientelist state: Nanhai's Dali Township

Compared to Guangzhou, Nanhai relies on a decentralized strategy whereby the territorial states took the lead to initiate collaborative projects with NGOs. As chapter 5 has shown, such strategy resulted not so much from a deliberate, top-down policy choice, but more from bottom-up incentives that induce territorial states to adopt a more proactive role in forging NGO collaboration. Not only do Nanhai's territorial states have greater administrative autonomy and fiscal capacity to work with NGOs, they also have stronger incentives to extend their urban governance structure into rural villages through social services. Hence, it was the territorial states that initiated collaborations with NGOs. Neither the district government nor the CAB played a key role until at a later stage.

Within this decentralized approach, local territorial states have, nevertheless, chosen different strategies to manage their social collaborations. In Dali Township, a more statist strategy has been employed. For the township, NGO partners are considered to be social instruments with professional capabilities that can strengthen the residents' committees (RCs) in neighbourhood governance and public service provision. Hence, in Dali, NGOs are often physically attached to the RCs and placed under their supervision. For instance, July 1 Space, the community complex that hosts two service NGOs, is located next to the Lixiong RC office. Both NGOs are supervised by an RC cadre, Ms Ouyang, who reports directly to the RC director. The same physical proximity between RC and NGOs can also be observed in other Dali neighbourhoods. In Jiayi community, the service NGO is located inside the community complex, Dream Home, which also hosts the RC office. According to Jiayi RC

officials, this was a deliberate choice to create an integrated platform for both administrative and social services.

I characterize Dali as a *clientelist state* to capture the decentralized but statist approach through which local states use personalized and particularistic ties to engage with NGOs. Such kind of state is clientelist because, first, service collaborations are imbued with a strong tendency to promote local state interests. Consider, first, the case of July 1 Space. The centre is ordained with a mission to promote community-based Party-building through social services. One of its main activities is to organize weekly volunteering services, such as elderly home visits and street cleaning, for Party members or those who are interested in joining the Party. Other services include training for young cadres, leisure activities for elderly Party members and social work services targeting children, teenagers and women.

In Jiayi community, township authorities regard Dream Home as an experiment to integrate social work services within an RC. In order to address its large migrant population, the township has forged collaboration with Co-Innovation, which specializes in providing care and education services to migrant children. Since its launch, Co-Innovation has achieved considerable success and gained wide media coverage. Witnessing its positive impact, other state agencies in the township began to approach the NGO to seek other collaborative opportunities. For example, when the Health and Family Planning officials received an urgent request from their provincial seniors to recommend new policy programs for the upcoming Five-Year Plan, they immediately approached Co-Innovation for help, asking them to write a proposal on the agency's behalf. Seeing this as an opportunity to gain government trust, Co-Innovation's director Mr. Li promptly accepted the request. As Mr Li recalled the meeting with the provincial commission:

> "It turns out that the provincial officials were very impressed with our ideas because it differs drastically from the governmental approach. They immediately discussed plans to collaborate with NGOs to promote family planning at the provincial level. But the township officials were the happiest because we helped them to gain credits in front of their seniors."[345]

The township family planning officials later returned favour by sponsoring Co-Innovation to publish a sex education booklet. While the sponsorship was timely because the NGO ran out of funds, it was attached with a condition: the agency wants its name and local to be printed on the booklet and the NGO's future activities.

This example illustrates that NGO partners are seen as a vehicle for the local clientelist states, or specific agencies, to achieve policy goals. While this demonstrates a key feature of clientelist state, there is another important dimension to this "clientelist relation". To ensure that local state interests are served, clientelist states tend to forge strong patron-client relationships with their NGO partners. Ms Ouyang, the RC cadre in charge of July 1 Space, shows this patron-client mentality towards the two NGO partners: "I know that many people like to speak of a partnership (*huoban guanxi* 伙伴关系) between the government and NGOs. But in practice it does not work. If NGOs are sponsored by government, they have the responsibility to serve government interests."[346]

Initially, she was reluctant to comment on the performance of the two NGO partners. But soon she opened up and began to criticize their work, explaining how they failed to meet her standard. She said that when she was previously a cadre in a village community, she had achieved better results in Party-building even though she did not have professional NGO training. This clientelist mind-set is further reflected by my interactions with the NGO workers. When I requested one of the two NGOs in July 1 Space for an interview, the NGO

[345] Interview with NGO leader (no. 55), Nanhai, May 28, 2015.
[346] Interview with government official (no. 56), Nanhai, May 29, 2015.

initially declined my request, explaining that the RC might not grant an approval. It was only after I met with Ms Ouyang that I could finally schedule an interview. In the case of Co-Innovation, Mr. Li told me that while the RC does not directly supervise his work because the organization is physically located further away from the RC, the township officials have a close relationship with him. Li said that the township authorities employed this clientelist approach as they see NGO as part of the government's structure. This did not bother him, however, because such clientelist ties have allowed Co-Innovation to tap into government resources and networks.

However, this clientelist approach has created problems. Compared to regulatory states that tend to behave as gatekeepers, clientelist states are likely to be more hands-on in micro-managing NGO partners. Consider the case of Growth Power, the Hong Kong-based NGO that arrived as the first cohort of NGOs. Originally running a small-scale community service in Lixiong Community, it then moved to provide Party-building services in the newly-built July 1 Space on the RC's invitation. However, Growth Power gradually found Party-building work to have drifted from its founding mission. After completing its contract, it negotiated with the township authorities to move to the newly launched Dream Home in Jiayi Community. But a different problem occurred in Jiayi as the RC delegated Growth Power with plenty of administrative tasks. For example, it had to run a Rental Housing Association to liaise with local landlords who have rented their apartments to migrants, such that the NGO could monitor them on behalf of the RC. The constant delegation of administrative tasks constituted a perpetual source of tension between the township and the NGO, prompting Growth Power to eventually pull out their services from the township.

For Co-Innovation, even though clientelist ties with the local state seem to benefit the NGO, Mr. Li pointed to two problems. First, the fact that government officials maintain close ties with NGOs has made them more likely to consider their social partners as their "offspring". For example, Li said that Co-Innovation is regarded as a "good child" because it works well with local officials to complement their work. But the drawback is that it would be difficult for Co-Innovation to seek collaborative opportunities with other township governments. As Li explained,

> "If an NGO has worked closely with a township government and achieved certain level of success, officials will interpret the outcome as a result of their effort to groom it with resources and opportunities. And the fact is, township governments are always competing with one another not just on GDP, but also on social services. If Co-Inno works with other townships, it would be an act of betrayal."[347]

In other words, this unspoken rule constrains NGOs' geographical mobility and weakens their ability to create economies of scale through expanding their operation. A second problem arisen from the clientelist relationship concerns the question of NGO governance. Given the dominant role of the township government, officials are less concerned about the professional quality of the NGOs so long as they fulfil the overarching policy goal. Hence, unlike in Guangzhou where third-party evaluations are required to monitor project implementation, Dali Township has taken a more flexible approach in keeping an eye on NGO governance. For Co-Innovation, even though the NGO requested to have external evaluation to seek improvements, township officials told them "there is no such need as long as we are happy with you."[348]

6.5 Bottom-up developmental state: Nanhai's Guicheng Street

[347] Interview with NGO leader (no. 55), Nanhai, May 28, 2015.
[348] Interview with NGO leader (no. 55), Nanhai, May 28, 2015.

Guicheng Street, another sub-district of Nanhai, has employed a different strategy to promote NGO development. Although the street government has also adopted a decentralized approach like Dali Township, it employs a different strategy in terms of mediating the collaborations. The local state does not directly drive these collaborations through a statist framework; instead, it relies on a mix of state and intermediary organizations to guide and choreograph NGO development. As I demonstrate below, this quasi-statist infrastructure is crucial to explaining Guicheng's success in cultivating its civil society sector. It has allowed the local state to create greater developmental capacity in terms of coordinating state agencies, incubating NGOs and mobilizing resources. I describe this kind of involvement as a *bottom-up developmental state* to characterize its proactive role of the territorial state in cultivating NGO partners through the use of intermediary organizations.

6.5.1 Supervision Commission

There are three main components in this hybrid institutional structure bridging the local state and its NGO partners. At the top lies the Supervision Commission, a horizontal organization established by the street government in 2009 to lead the social management reform. The Commission is designed to supervise the implementation of service collaboration and coordinate different functional agencies and mass organizations. In China, policy coordination is often a complex matter. Under China's fragmented authority structure, government bureaucracy is divided by several fault lines – between the central and local level, between policy areas, and between the functional (*tiao*) and territorial (*kuai*) units.[349] These fault lines often hinder effective policy coordination. Take the street/township government for example. While this level of local state is interweaved by the *tiao* and *kuai* authorities, the

[349] Kenneth Lieberthal and Michel Oksenberg, *Policy-making in China: Leaders, Structures, and Processes* (Princeton, NJ: Princeton University Press, 1988), 137.

demarcation of policy responsibilities between them is often vague especially when it comes to the new tasks delegated by upper-levels government. For instance, in the case of demolition work, it is unclear whether the street government (*kuai*) or the demolition office (*tiao*) within it should take lead responsibility. Moreover, the *tiao* offices are not necessarily beholden to their superiors in the *kuai* government; instead, they may be under the "professional guidance" (*yewu zhidao* 业务指导) of their functional administrative superiors (*tiao*) and only have a consultative relationship with their *kuai* superiors.[350] Hence, coordination among various agencies at the local state is often difficult.[351] To address this problem, local states sometimes resort to establishing horizontal integrative organizations in the form of "small leading group" (*lingdao xiaozu* 领导小组), which has been frequently used by the central and local governments for policy coordination. One classic example was the FLTC Supervision Committee, founded by the Xinji County authorities, which coordinated both government agencies and private enterprises to spearhead economic development in the locality.[352]

In Guicheng, the street government is not immune to the coordination problem, although it has been mitigated by district-wide administrative reforms in the early 2010s. Under the "super ministry reform" (*dabuzhi gaige* 大部制改革), all Nanhai's sub-districts have consolidated government functions into larger ministries and reduced the number of agencies in order to streamline the administrative process and decentralize power. In Guicheng Street, the reform consolidated the original 28 departments into 13 agencies, of which ten are street-managed agencies and three under the dual management of the district and street

[350] Mertha, "China's 'Soft' Centralization," 797.
[351] Yang Zhong, *Local Government and Politics in China: Challenges from Below* (Armonk, NY: ME Sharpe, 2003).
[352] Marc Blecher and Vivienne Shue, "Into Leather: State-led Development and the Private Sector in Xinji," *The China Quarterly* 166 (2001): 368-393.

government.[353] Despite having streamlined decision-making, coordination problems still exist when it comes to implementing new policies. Specifically, with the imperative to forge service collaboration with NGOs, it is often unclear which agencies would be responsible given the additional workload and political risks. A street official pointed out that while social service is a responsibility shared by many functional agencies, it also means "none are responsible". This, he said, makes a coordinating body important:

> "You cannot just assign this task to any functional agency because agencies are too tied up by their own work. But more important is that welfare provision cuts across all policy areas. For example, if you want to introduce education NGOs to serve young people, you must gain approval from colleagues responsible for education work. But it is not that simple. Since it concerns young people, you need to engage with the Communist Youth League since it is the organization responsible for youth services. A similar situation goes for medical services: you need the support of the health authorities and the hospitals. Basically, since there are so many stakeholders, it is easy to encroach upon the policy portfolio of other agencies. There are too much vested interests involved."[354]

The difficulty to coordinate different government agencies explains why the street government vested powers in a supervision committee to implement service collaboration. Functioning as a "small leading group", the Committee is a joint platform led by the Party Work Committee (*danggongwei* 党工委), the highest authority in the street government, that consists of officials in charge of policy areas including education, health and family planning, social affairs, judiciary, and various Party and mass organizations. The leadership role of the Party Work Committee endows it with authority to coordinate work more effectively among the functional units in the street office.[355] Besides committing them to service collaboration, the Committee also functions as a platform for different agencies to communicate and interact.

---

[353] "Qi zhenjie 11+2 moshi shezhi jigou" [Seven streets and townships 11+2 model], *Southern Daily*, September 14, 2010, http://epaper.southcn.com/nfdaily/html/2010-09/14/content_6879215.htm, accessed September 27, 2016.

[354] Interview with government official (no. 13), Shunde, September 2, 2014.

[355] Chow Bing Ngeow, "Community Party Building in Urban China," *International Journal of China Studies* 2.2 (2011): 213-240.

6.5.2 Social Work Centre

While the Supervision Committee helps to facilitate policy coordination, a further problem arises as to how the local state supervises and manages the expanding corpus of NGO partners if the scale of collaboration were to grow. As Committee members are street officials who have their own policy portfolios, the Committee is only designed for making high-level policy decisions; it is not equipped to manage the everyday business of service collaborations. A Committee member told me how they faced increasing obstacles when they attempted to increase NGO partners in 2010: "Initially, when we only worked with small volunteer teams, the work wasn't too complicated. But as we planned to incorporate more NGOs into the programme, we realized that we lack managerial expertise to deal with so many NGOs."[356]

To bridge the gap, the Committee established the Social Work Centre (*shegong gongzuo zhongxin* 社工工作中心) as a public institution in 2011. The SWC serves as an intermediary organization that deals with all administrative work related to NGO procurement, ranging from the selection of NGOs to performance assessment. It performs several key roles. First, it is responsible for promoting the Care Guicheng programme to residents and managing the Care Fund earmarked for procurement. Second, it seeks to grow and cultivate the NGO sector in the locality. One important duty is to assist NGOs to register either formally or informally with the street office to file records (*bei'an* 备案). For community-based NGOs, registration and licensing by any state authorities is especially important. As a grassroots NGO leader said, "registration is like an identity card; without it, we will be ignored by the residents'

[356] Interview with government official (no. 57), Nanhai, May 29, 2015.

committees and some would ask: why should we believe that you are a volunteer?"[357] Other developmental tasks of the SWC include managing a social work academy, sharing NGO sector information including news and career postings, and mobilizing volunteering groups.

A third role of the SWC is to maintain an institutionalized platform where NGOs tender for projects and through which they are selected through competitive bidding, similar to Guangzhou's procurement program. But contrary to Guangzhou's standardized model, Guicheng's SWC adopted a more differentiated strategy to design projects that address specific service needs. For example, in order to facilitate differentiation, sponsorships are made available for two project categories – professional and growth, which enables the scheme to include not only professional services such as social work (with no sponsorship limit), but also volunteering groups, industry associations and grassroots NGOs (within the upper limit of 50,000 RMB). Besides invitations for project bids, the SWC also hosts an annual contest calling for project ideas, from which they received more than 150 proposals between 2009 and 2015. From 2012 onwards, it even started an annual "matchmaking fair" with the objective to pair up government agencies and NGOs. Finally, the SWC has to monitor project implementation by arranging third-party evaluations and to call for tenders when the service contract ends. During the process, it also decides whether existing projects can be replicated in other communities and whether there are new service needs.

These distinctive developmental roles performed by the SWC distinguish Guicheng from the regulatory or clientelist state model as observed in Guangzhou and Dali. While some of these roles are admittedly present in these local states, they are not as extensive and institutionally integrated as I have found in Guicheng Street. An enabling factor, I argue, is the *intermediary* nature of the SWC. As former deputy director of the Supervision Committee Yu Haisheng

[357] Interview with NGO leader (no. 20), Nanhai, December 10, 2014.

said, the distinction of the SWC as a public institution rather than a government agency was a deliberate institutional choice. "The purpose of setting up a public institution", he explained, "was to let the government leverage the professional social work expertise to manage projects contracted out to NGOs."[358] An intermediary with greater social orientation would be a better fit than any state agencies for this role. Here, it is important to see how local state officials have institutionally defined the boundary of the state with respect to the NGO sector. Rather than resorting to a statist approach in engaging with NGOs directly, Guicheng Street has chosen to *avoid* it and instead delegate managerial authority to an intermediary body.

This intermediary nature of the SWC can be first reflected by the staff members, since most of them are either former NGO workers or social work graduates. An interviewee, Mr. Shao, had worked for a Foshan NGO for three years before he joined the SWC as the head of project department. Another interviewee, Ms Xian, joined the SWC right after she graduated as a social work student. During our interviews, both strongly identified themselves as social workers rather than as government employees.[359] Second, the street government decided that SWC staff would enjoy the market-rate salary in the social work sector to generate greater incentives and to differentiate the SWC from a government organization. Nevertheless, established as a government-organized body, the SWC is still obliged to represent the interests of the local state. When asked if she saw her work as primarily serving government interests, Ms Xian responded rather cautiously:

> "As an employee of a public institution on government payroll, my job is to serve the interests of the government. But as a social worker (*shehui gongzuozhe* 社会工作者), I hope that my work contribute to social interests. In fact, government and social interests are complementary most of the time."[360]

[358] Interview with government official (no. 57), Nanhai, May 29, 2015.
[359] Interview with public institution staff (no. 69 and 70), Nanhai, March 4, 2016.
[360] Interview with public institution staff (no. 69), Nanhai, March 4, 2016.

Admittedly, the SWC has so far played a minimal role in defending and advocating the interests of social workers, unlike some of the intermediary business associations established by the local states in the 1990s.[361] As Xian admitted, interest representation was never part of their job. While this could make the SWC resemble the appendage of the local state, one should not simply reduce it to just another state organization. Due to its ambiguous and dualistic nature, the SWC can serve as a bridge between the local state and NGOs to facilitate more socially oriented collaboration. Bill Liao, a former director of Qichuang, highlighted the benefits of working with "like-minded people who share similar background and professional training", which help to make the government more transparent and change the thinking and practices of state officials by social work techniques.[362]

The resulting buffer space has also made more room for some potentially contentious groups. In 2011, the SWC selected a local labour activist, He Xiaobo, as an award recipient for his achievements in championing migrant labour rights. A former migrant worker, He volunteered briefly for Dagongzu, a Panyu-based labour NGO, and later started his grassroots NGO in Foshan after seeing the lack of labour services in the locality. In 2012, after having registered an NGO, Nanfeiyan, He successfully obtained a small funding from Guicheng's Care Fund to run community services. The case of Nanfeiyan will be discussed in detail in Chapter 8.

6.5.3 Philanthropy Innovation Centre

Another important intermediary organization is the Philanthropy Innovation Centre (PIC), which was established along with the SWC in 2011. Located in a furnished three-storey

[361] Jude Howell, "Striking a New Balance: New Social Organizations in post-Mao China," *Capital & Class* 18.3 (1994): 89-111.
[362] Interview with NGO staff (no.71), Hong Kong, March 5, 2016.

building, the PIC is designed not only as a community centre for residents but also as a platform to incubate NGOs by providing training, activity venues and office spaces. Its role as an intermediary is different from the SWC, however. Rather than established as a public institution, the PIC is registered as a private non-enterprise unit, run by Qichuang, a Guangzhou-based NGO established by a social work professor from Hong Kong. This background has made the PIC a more socially oriented intermediary organization than the government-operated SWC. But a more important reason is that the street government has given substantial autonomy to Qichuang in running the PIC. Its founder, Agnes Law, explained this in terms of how the collaboration was originated:

> "Before the PIC was founded, I sent my students to intern at Guicheng Volunteer Association, which was managed by the Communist Youth League (CYL). After the internship ended, I did not visit Guicheng again. But it turns out that the official at the CYL was promoted to be in charge of Care Guicheng. They invited me to tour the PIC's impressive building and asked if Qichuang would have interest to run it. We accepted their invitation, but insisted that as an NGO we need more autonomy and government transparency."[363]

The agreement not only enabled Qichuang to limit government interference in its daily operation, but also allowed it to exercise autonomy in service provision. Law even insisted the NGO to have the autonomy to be in charge of the spatial design of the PIC, arguing that an open-office workspace would be essential to facilitating the incubation of NGOs such that they could exchange ideas and collaborate more closely. Upon Qichuang's insistence, the PIC, unlike any other government-run community centres, started a bakery and a coffee shop to make it more client-friendly. In addition to these, Qichuang also maintains a number of community facilities, including a library, a kitchen, a lecture hall and a rooftop farm. Law stated that Qichuang's goal is to serve as a facilitator in building an NGO community with the PIC as the focal point.

[363] Interview with NGO leader (no. 64), Hong Kong, October 7, 2015.

By 2013, the PIC hosted eight NGOs and around 20 volunteer and charity groups. Venues and office spaces are provided to member NGOs by charging a fee of only one RMB, albeit with the condition that they would eventually leave the PIC to seek permanent venues. To increase resources, the PIC also serves as a platform, organizing charity activities, such as auctions and bazaars, to attract public donation. Such role as a resource hub was later further "networked" through the Internet. In 2014, the PIC launched "Care Transit Hub" (*guanai zhongzhuanzhan* 关爱中转站), an online platform to match NGOs with resources. Residents can advertise the resources they wish to donate on PIC's website, which will be paired up according to NGOs' needs. Meanwhile, NGOs can also look for resources on the website which they find useful. Within a year, the Hub paired up more than 20 projects.

6.5.4 The role of intermediaries

Undoubtedly, intermediary organizations have been a key component in China's socio-political system. Many scholars have identified their critical role in bridging the gaps of control as the Party-state retreated from the economy and relaxed its grip over society during the market reforms.[364] As Howell finds, intermediary organizations "help maintain the influence of the Party-state by enabling the downward transmission of policy and upward communication of grassroots opinion."[365] Existing intermediaries, such as GONGOs and mass organizations, have been reformed and adapted to new social needs. Many new intermediary organizations have also been created, mainly chambers of commerce and industry associations, to perform functions such as sectorial coordination and welfare

[364] Unger, "Bridges"; Saich, "Negotiating the State."
[365] Jude Howell, "Striking a New Balance: New Social Organizations in Post-Mao China," *Capital and Class* 18.3 (1994): 89-111.

services, which were critical to the economic success of local states.[366] In Hebei Province's Xinji County, the local state established chambers of commerce to coordinate firm operations and regulate the labour market.[367] Likewise, in Tianjin, rural cooperatives also established associations to expand trade relations.[368]

A similar process has unfolded in the Guicheng's NGO sector. As intermediary organizations, the SWC and PIC have performed important functions in shaping Guicheng into a local developmental state with respect to the NGO sector. First, from an administrative standpoint, intermediaries help to reduce the transaction costs of the local state incurred by dealing with a diverse range of NGOs with different capacities and specialization.[369] As Chan, Yuen and Wong argue, "[i]t poses a big problem if the government is to work with many new NGOs or service providers with limited administrative capacity. The presence of an intermediary could thus reduce transaction costs in relation to contract management and service coordination."[370] Second, intermediaries enable better division of labour within the state apparatus. While the Supervision Committee takes care of high-level policy-making and coordination between the functional agencies, intermediary organizations can focus on engaging with and cultivating NGOs. Although the local state still plays the guiding role during the process, the resulting dynamics bear resemblance to what Andreas Fulda calls the network governance approach in which a variety of stakeholders collaborated interdependently.[371] Such pattern of state-society interactions differs significantly from the top-down approach that characterized traditional local state governance in residential

[366] Howell, "Striking a New Balance"; Pearson, "The Janus Face of Business Associations in China"; Nevitt, "Private Business Associations in China"; Foster, "Embedded within State Agencies."
[367] Blecher and Shue, "Into Leather," 386-387.
[368] Duckett, *The Entrepreneurial State in China*, 129-130
[369] Oliver E. Williamson, "Transaction-cost Economics: The Governance of Contractual Relations," The Journal of Law and Economics 22.2 (1979): 233-261.
[370] Chan Kin-man, Terence Yuen and Wong Hung, "Realities of Social Service Purchasing in China: A Political Transaction Cost Perspective," Paper presented at *Enhancing Government – Civil Society Relations in Greater China*, University of Hong Kong, March 14-15, 2013
[371] Fulda, Li and Song, "New Strategies of Civil Society in China."

neighbourhoods. Third, intermediaries are neither state nor social organizations. Instead, they operate along a blurred boundary between state and society, which help to create buffer space that tolerates grassroots or potentially contentious elements. As the Chapter 8 shows, such space can empower and facilitate progressive NGOs to advocate policy changes.

However, the space opened up by intermediary organizations is fragile. Different from the promotion of economic development in which local states have strong profit incentives, collaboration with NGOs does not generate profit but rather incurs substantial political risks. Hence, although local officials have much flexibility over the execution of local policy initiatives, they tend to maintain a cautious attitude towards NGOs and are prepared to backtrack if necessary. This can be shown by how local officials redefined the role of intermediary organizations in Guicheng. After the leadership change in the Supervision Committee in 2012, the SWC not only expanded in personnel size, but also began to lean closer to the Supervisory Committee and exercise greater regulatory power over its NGO partners. An NGO leader lamented that the honeymoon period had ended by a statist reversal, as the local state had become worried that NGOs' growing presence could eclipse its authority. This NGO had made a suggestion to the SWC that it can manage the cleaning service of a community centre by hiring disadvantaged persons. But the SWC refused, arguing that the NGO is only responsible for service provision and that facility management, alongside the procurement process, lies within its exclusive powers.

6.6 Top-down developmental state

The final type of local state involvement is the top-down developmental state, which arises when the local territorial states lack incentives to initiate collaboration while the functional authority is willing to provide such incentives. But rather than letting the local territorial state drive the collaborations as in the regulatory state, a top-down developmental state delegates authority to intermediary organizations to manage its NGO partners. While my fieldwork did not produce any case studies to exemplify this mode of involvement, Shanghai can be identified as a case for further research. In Shanghai, while the street governments have retained a state-run model of service provision through "Administrative Service Centres" (*xingzheng fuwu zhongxin* 行政服务中心), the municipal Civil Affairs Bureau began an effort in the 2000s to develop the NGO sector by collaborating with Non-Profit Incubator (NPI 恩派). Established by Lü Zhao in 2006 with the help of the CAB and the support of Ma Yili, a visionary local official who advocated closer engagement with the NGO sector, NPI is designed as a "cluster of intermediary agencies" aimed at "supporting the emerging third sector in China" by providing incubation, training and funding for new NGOs.[372]

The engagement with NPI as an intermediary agent makes the involvement of the Shanghai local state top-down developmental – top-down because it is the CAB who initiates the collaboration, and developmental because it is NPI who runs the collaboration as an intermediary organization. From 2009 onwards, the CAB launched an annual Shanghai Community Venture Philanthropy Competition, in which NPI is designated as the organizer to select community NGOs as recipients of funding support from the CAB and the welfare lottery fund.[373] In addition, NPI is contracted by the Bureau to run several "charity parks", including the Pudong Public Welfare Park, Luwan District's "Shanghai Social Innovation

[372] "About us," *NPI*, http://en.npi.org.cn/aboutnpi.aspx, accessed September 5, 2016.
[373] Qihai Cai, "A New Model for Cultivating NPOs: The Case of the Shanghai Community Venture Philanthropy Competition", *China Nonprofit Review* 3.2 (2011): 231-250.

Park" and Qingpu District's "Gongyi Xintiandi", where tens of NGOs and social enterprises are incubated each year. To help these service organizations gain access to communities, NPI also initiated the Enrichment Community Service Platform (*Wulixiang* 屋里厢) and bided projects from local governments to run community centres. But instead of providing services on its own, NPI invites NGOs and social enterprises to run the community centres and provide a range of social services.[374] The model has gained approval from the national Ministry of Civil Affairs and was quickly replicated across the country. Having incubating more than 300 NGOs, NPI has expanded its incubator program to Beijing, Chengdu, Shenzhen, Dongguan, Zhuhai, Nanjing and Chongqing, while providing consulting services to other NGO incubators in Suzhou and Qingdao.

6.7 Impact on the local state's governance capacity

As these cases show, through their increasing interaction with NGOs, Chinese local states do not operate as unitary actors. Instead, partly conditioned by the incentives and constraints in their respective political contexts and partly acting strategically, local states have adopted unique strategies to foster the development of local civil societies, which result in different patterns of state-NGOs interaction. This brings us to an important question: How do these interactions influence the governance capacity of local states?

Undoubtedly, in both Guangzhou and Nanhai, NGO procurement since the late 2000s has made available a greater amount and variety of social services for citizens. These state-sponsored but NGO-delivered services are more professional, specialized and user-friendly,

[374] Ding Li, "Public-Private Partnerships," in *Social Entrepreneurship in the Greater China Region: Policy and Cases*, eds. Yanto Chandra and Linda Wong (Abingdon: Routledge, 2016).

making them more appealing than the traditional approach offered by state and quasi-state organizations. In Guangzhou, each residential neighbourhood is now equipped with an NGO-run community service centre, altering the structure and dynamics of neighbourhood governance. Numerous other organizations, such as the Communist Youth League, Women's Federation and the All-China Federation of Trade Unions, have also designed their own procurement programs to collaborate with NGOs in order to expand their presence. In Nanhai, both Guicheng and Dali's local governments have actively worked with NGOs to provide diverse range of services targeting specific groups, of which some are imbued with the ambition to strengthen state presence in rural villages and others aimed at invigorating Party life. On the whole, NGO procurement has by and large provided local states with a new channel to extend and penetrate their reach.

By contrast, differentiating the impact of service collaborations across local states is much more difficult. First, it is hard to measure, albeit compare, the impact of NGOs because their effect are largely preventive. While social indicators such as crime rate or protest numbers could serve as proxies for measurement, it is hard to control for other variables and isolate the direct impact of NGOs. Moreover, the numerical increase of NGO partners for a local state does not necessarily translate linearly into a proportional increase of local state power. If an NGO partner provides poor quality and ineffective services, it can tarnish the image of the local state. For these reasons, measuring the local state's infrastructural power from a capability or resource approach will be less fruitful. Instead, it is more useful to conceptualize infrastructural power as a relational capacity – the capacity for the state to penetrate the society and coordinate social relations. As discussed in Chapter 1 and 2, this capacity is grounded on the organizational entwining between the state and non-state actors to implement certain government policies or bring about certain policy changes. To measure the

infrastructural power of local states, I focus on their ability to provide social services and make policy changes through collaborating with NGOs. Although such ability only reflect limited dimensions of state strength, it could serve as a proxy to gauge the state's ability to leverage and harness the power of non-state actors to achieve policy goals.

As elaborated in Chapter 2 in detail, I call such ability the *governance capacity*, which is disaggregate it into three components: 1) *service coverage*, a variable determined by the extent of the coverage of NGO-delivered social services that a local state offers; 2) *service diversity*, a variable determined by the variety of services offered by NGO partners; and 3) *policy leverage*, a variable determined by the extent to which NGOs collaborating with the local state can undertake policy advocacy or contribute to the policy-making process. Each of the three components refers to a dimension of the local state's governance capacity achieved through NGOs, which varies across local states. Based on these three variables, I construct the following table to describe how different local states perform in terms of governance capacity.

Table 2: Governance capacity of different local states

	Guangzhou	**Dali Township**	**Guicheng Street**
Type of local state	Regulatory	Clientelist	Developmental
Service coverage	High	High	High
Service diversity	Low	Medium	High
Policy leverage	Low	Low	Medium – high

As the table suggests, the three local states have varying degrees of governance capacity. Guangzhou, a regulatory state, has a relatively weak governance capacity. Despite having

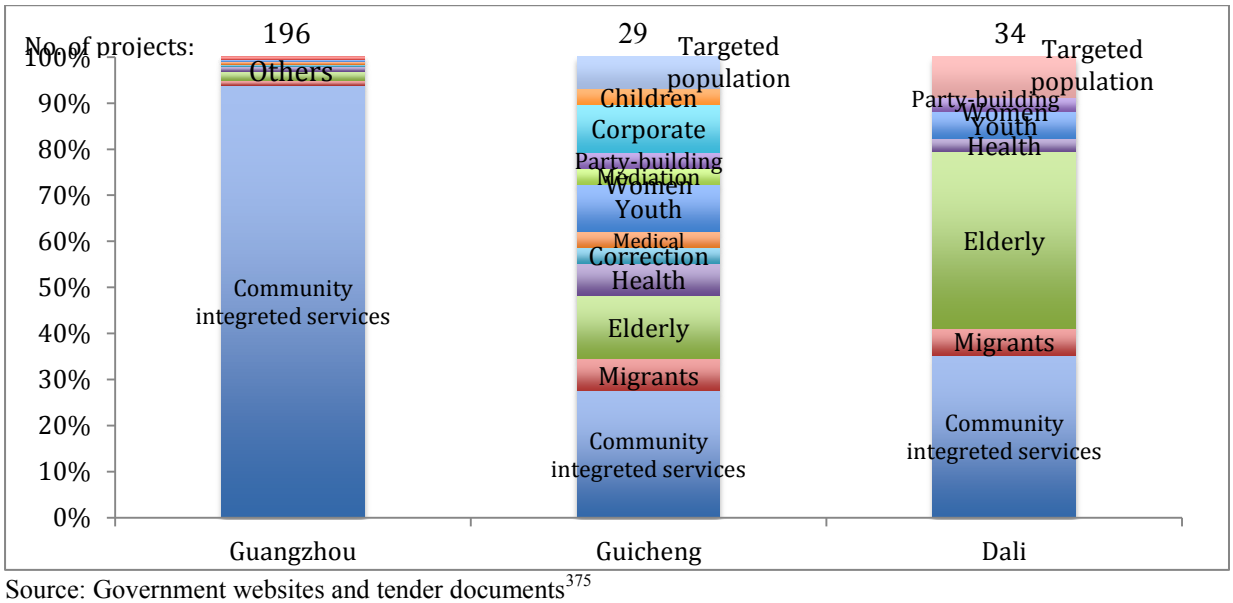
extensive NGO service coverage, it has low service diversity and limited space for NGOs to engage in policy input. Although the fact that the Civil Affairs Bureau initiated the standardized procurement program ensured a vast territorial reach, street governments have half-hearted incentives to cultivate their NGO partners in order to achieve more profound collaborations. Instead, they tend to be risk-averse and inclined to flex their regulatory muscles to restrict NGO activities, as I have shown in Chapter 4. As a result, street governments are unlikely to provide a diverse range of services (unless administratively required by upper level authorities), and there is little room for NGOs to exert influence on neighbourhood governance or the policy process.

Dali Township, a clientelist state, has stronger governance capacity than Guangzhou. While NGO services are offered in most of its communities, the township provides a more diversified range of services, as shown in Graph 1. Such diversity is the result of its decentralized involvement strategy, which gives greater incentives for local officials to actively leverage NGO partners in advancing the interests and policies of the local state. However, as collaborations are managed directly by the local state, it has resulted in strong patron-client relations and greater control of NGO partners. Such clientelist tendency requires high level of compliance from NGOs, as favoured partners will be nourished with collaborative opportunities while defiant ones can be punished or even thrown out by the refusal of contract renewal or abrupt termination. As a result, although the local state has the capacity and incentive to extend new service collaborations, the ability of NGOs to exercise their policy advocacy functions can be crudely circumscribed by the clientelist relations.

In comparison, Guicheng Street, a developmental state, has the strongest governance capacity. Not only does it offer an extensive spatial reach of NGO services, its services are

also more wide-ranging – even more so than Dali Township. The diversity is partly the result of Guicheng Street's decentralized strategy, which gives local officials strong incentives to promote the NGO sector and appeal to citizen needs. However, unlike the clientelistic ties that characterize Dali's relations with NGOs, Guicheng devolves authority to intermediary organizations in managing its NGO partners. Such arrangement has given rise not only to a greater service diversity but also more spaces for them to exercise their policy advocacy functions and impact the policy process. On the one hand, these intermediary organizations allow the local state to focus on internal coordination while reducing the transaction costs arisen from engaging with a score of NGOs. On the other hand, they provide buffer space between the local state and NGOs, which not only allows the local state to be more risk-taking and tolerant of NGOs working on sensitive issues, but also helps to create a more favourable environment for policy advocacy. Such advocacy function will be further examined in Chapter 8.

Graph 1: Service diversity in three local states



Source: Government websites and tender documents[375]

[375] I collected all existing state-sponsored NGO projects (by June 2016) in Guangzhou, Guicheng and Dali. I then categorized them according to their dominant service focus. The number on top of each bar refers to the total number of state-sponsored NGO projects NGO in that locality.

6.8 Conclusion

This chapter has differentiated and examined four modes of local state involvement in the NGO sector. Rather than behaving as a unitary actor, Chinese local states have adopted different involvement strategies depending on their institutional configuration and strategic choice. On the one hand, the institutional configuration of whether the local territorial state has the incentives to work with NGOs will largely decide if the territorial or functional line of the local state will initiate collaboration, and if a decentralized or centralized model will be adopted. On the other hand, the strategic choice of whether collaborations are mediated directly by state agencies or indirectly through intermediary organs will determine the amount of space enjoyed by partnering NGOs. The resulting involvement strategies will in turn shape different extent of infrastructural power of the local state, which is measured as the governance capacity to provide social services and effect policy changes through NGO partners. As I demonstrate, developmental states, as exemplified by Guicheng Street, engender the greatest extent of governance capacity by providing spatially extensive and diversified NGO services as well as allowing more space for NGOs to exercise their advocacy functions. In the next two chapters, I will turn attention to the NGOs and examine how they respond to the trend of growing state-NGO collaborations.

Chapter 7 Resource Dependence and NGO Strategies

The rise of NGO procurement has a remarkable impact on state-society relations in China. Not only has it led to the growth of service-oriented civil societies in various Chinese localities, it has also drastically reconfigured the way local states interacted with NGOs. Local states no longer establish *ad hoc* collaborations with a limited number of NGOs, or tolerate their existence and resort to repression when necessary. Instead, they create institutional arrangements by incorporating market or quasi-market mechanisms to mediate their collaborations with a considerable number of NGOs. While these arrangements differ across local states, they have at least two aspects in common. First, they allow local states to formalize collaborations with NGOs through contractual relations rather than *ad hoc* agreement or contingent tolerance. Second, they open up NGO sectors that adopt their own competitive and self-regulating logic, through which local states can select, discipline and cultivate potential partners for delivering welfare services on their behalf.

The resulting picture is more complex and nuanced than what has been depicted under a classic state-vs-society dichotomy. It is not so much the image of a domineering state subduing a compliant NGO sector through corporatist or repressive measures, where service NGOs are merely surrogates of the state that lack autonomy and act only on state orders. Nor is it the emergence of politically-oriented civil society organizations which engage in rights or policy advocacy, chipping away the edges of the state or challenging authoritarian rule. Instead, these service NGOs should first and foremost be considered as *organizations*. Rather than instinctively pandering to or challenging the state, they adopt strategies to maintain survival and promote organizational goals. They are organization actors that pursue their own

strategic interests and agenda rather than just products or counter-products of the political structure.

This chapter, and the next, examines NGOs' strategies under government procurement programs, shifting the focus from the local states' disparate institutional configurations to how NGOs deal with local states. Drawing from an organizational perspective, I consider service NGOs as organizational actors that pursue two basic strategies: 1) maintain survival and 2) pursue the interests of targeted constituencies. I argue that, in general, China's NGO procurement has created an environment that incentivizes NGOs to focus on maintaining organizational survival. To enhance the odds of survival or secure continuous government funding support, NGO partners tend to present as professionalized and state-friendly service providers and cultivate close ties with local officials. Hence, rather than the result of binding government control, it is more so the NGOs' self-disciplining strategy to secure public funding under the marketization of social services. The force of marketization not only incentivizes NGOs to behave more as compliant service providers than progressive social agents, but also occasionally gives rise to forms of malpractice that undermine the governance of the NGO sector.

Meanwhile, NGOs with grassroots origins or external ties, despite dependence on the state and pressures of marketization, tend to behave more like civil society actors that engage in policy advocacy. They consider service as a strategy of embedded activism to engage in policy or rights advocacy. However, their success is largely dependent on their institutional relation to the local states and the activities they undertake. As will be shown in Chapter 8, some NGOs are more likely to impact the policy process as they are granted more spaces by local states, while others are more constrained due to the latter's dominance. Meanwhile,

NGOs seeking to defend citizen rights or engaging in more sensitive activities are likely to be repressed by local states.

7.1 Evolving control over Chinese NGOs

Despite earlier works that depict the emergence of civil society in China, recent works have demonstrated how the Party-state has continued to impose tight control on Chinese NGOs. On the one hand, the state employs an array of corporatist measures to govern NGOs, using, for example, the registration system as a gatekeeper to keep out unwanted groups and routine supervision as a device to institute compliance among registered organizations. To differentiate and fine-tune control on different types of NGOs, a system of "graduated controls" has also been adopted to tailor-make the level of control according to NGOs' capacities to challenge the state and the value of public goods they provide, as well as their business nature, funding source and scale.[376] While service-oriented NGOs are generally subjected to more relaxed control, NGOs involved in political, religious or ethnic affairs and those with foreign linkages are placed under greater scrutiny. On the one other hand, the state has also deployed coercive methods, either systematically or contingently, to issue warnings to deviant organizations or ban unwelcome groups, with techniques including suspending NGOs' activities, revoking registration, confiscating assets and arresting leaders or activists.[377] In sum, although NGOs are not simply turned into surrogates of the state as many have continued to negotiate the state or engage in embedded activism, these control measures have certainly constructed a restrictive and sometimes forbidding environment for NGOs.

[376] Kang and Han, "Graduated Controls"; Wu Fengshi and Chan Kin-man, "Graduated Control and Beyond: The Evolving Government-NGO Relations," *China Perspectives*, 3 (2012): 9-17.
[377] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State," 22-23.

The emergence of government procurement has provided yet another instrument of control for the Party-state. By contracting out social services to NGOs, the Party-state has effectively become a patron of a burgeoning service NGO that both fosters its growth and supports its survival. Although considerable operational autonomy is granted to service NGOs for encouraging new entrants and stimulating competition, government funding extends a new but powerful string of control on NGOs that have become partners of local states, simply because money dictates their existence and future survival. But despite being a new phenomenon in China, the problem of donor dependence has been identified as a critical issue in NGO studies and has generated extensive discussion among scholars. In many Western and developing contexts, while governments and donor agencies are keen on funding NGOs as partners to promote good governance and democracy[378], the resulting dependence of NGOs on donors has ironically become "ties that bind", which compromise their performance, distort accountability and weaken legitimacy.[379] The lack of funding diversity and commercialization also produces mission drift and reduces NGOs' autonomy.[380] In developing countries, many NGOs have aligned their mission with the interests of their foreign government or developmental agency donors, emphasizing service provision at the expense of advocacy. In addition, donors have also influenced the focus of advocacy through funding allocations. Even in developed and democratic contexts, NGOs funded by governments tend to refrain from confrontational political activities for fear of endangering government funding. For example, in the United States, a number of radical organizations

[378] Lester M. Salamon, *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State* (Baltimore, MD: Johns Hopkins University Press, 1995).
[379] Michael Edwards and David Hulme, "Too Close for Comfort? The Impact of Official Aid on Non-governmental Organizations," *World Development* 24.6 (1996): 961-973.
[380] Lester Salamon, "The Nonprofit Sector at a Crossroads: The Case of America," *Voluntas* 10.1 (1999): 5-23.

born in the 1960s have gradually transformed themselves into docile and compliant social service bureaucracies after depending on official grants for many years.[381]

The rise of state-sponsored service NGOs in China offers an opportunity to understand the impact of donor dependence when the donor is an authoritarian state. How does an authoritarian state use procurement to control NGOs and align their activities with state interests? In turn, what are the strategies that these NGOs employ within the space of their operational autonomy to deal with the state? And how do these strategies support or weaken state interests? In this chapter, by considering service NGOs as organizational actors that respond to incentives, I argue that Chinese local states, as their primary donors, impose control not by directly managing their affairs, but by deploying a range of positive and negative incentives through the procurement market as an organizational field, which discipline NGO partners to comply with state interests.

7.2 An organizational approach

Despite the associational revolution in the 1990s which led to the proliferation of social organizations, Chinese local states still had a limited choice of NGOs to collaborate with for dispensing social services until the mid-2000s. By 2008, NGOs regarded by the government as engaging in social services (*shehui fuwu* 社会服务) only made up of around 15% of the total number of private non-enterprises and social associations, most of which, however, focus on elderly care, marriage counselling, and orphanage care.[382] In light of this, local states across China initiated the procurement of social services in the 2000s, along with the

[381] Steven R. Smith and Michael Lipsky, *Nonprofits for Hire: The Welfare State in the Age of Contracting* (Cambridge, MA: Harvard University Press, 1993), quoted in Wang, "Associational Life in China."
[382] Data on social organizations from the National Bureau of Statistics.

relaxation of NGO registration and the introduction of competitive bidding in the social sector. These efforts of "administrative modernization" altered the situation dramatically and led to a groundswell of NGOs that focus on community service provision and compete for government projects. As a result, local states no longer engage with NGOs or tolerate their existence on an individual basis. Instead, they select and control an NGO sector as a totality within a marketized environment that some have analysed as an "organizational field".

By organizational field, the classic definition by DiMaggio and Powell refers it to "organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products."[383] The notion that organizations can be acted upon as a field is more vividly captured by Pierre Bourdieu, who sees a field as "a patterned system of objective forces (much in the manner of a magnetic field), a relational configuration with a specific gravity which it imposes on all the objects and agents which enter it."[384] These ideas have prompted scholars to apply the concept as an analytical device on Chinese NGOs. Drawing from neo-institutional theories[385], Carolyn Hsu considers Chinese NGOs as organizations that "are primarily interested in maintaining a supply of the resources they need to remain viable and to serve their constituencies as well as possible."[386] Such resources include money, labour, access to potential clients and legitimacy from potential supporters. To obtain these resources, NGOs must negotiate a changing ecology of opportunities with strategies shaped not only by external circumstances, but also by their institutional and

[383] Paul DiMaggio and Walter W. Powell, "The Iron Cage Revisited: Collective Rationality and Institutional Isomorphism in Organizational Fields," *American Sociological Review* 48.2 (1983): 147-160.
[384] Pierre Bourdieu and Loïc J. D. Wacquant, *An Invitation to Reflexive Sociology* (Chicago, IL: University of Chicago Press, 1992), 16-18.
[385] For example, see Gerald R. Salancik and Jeffrey Pfeffer, "A Social Information Processing Approach to Job Attitudes and Task Design," *Administrative Science Quarterly* 23.2 (1978): 224-253; Paul J. DiMaggio and Walter W. Powell, eds., *The New Institutionalism in Organizational Analysis* (Chicago, IL: University of Chicago Press, 1991).
[386] Carolyn Hsu, "Beyond Civil Society," 260.

personal experiences as well as cultural expectations.[387] But for Chinese NGOs, it is difficult for them to secure resources in this ecology of opportunities given that the emergence of NGOs is still relatively recent in China. As a result, many NGOs tend to build alliances with state agencies to secure a continuous supply of resources rather than avoid the state for more autonomy. However, it also depends on personal experiences of NGO founders: NGOs with founders who are former state bureaucrats are more likely to form alliances with the state than those who are not.[388]

Hasmath and Hsu adopt a similar approach. Also analysing Chinese NGOs as an organizational field, they argue the NGOs are controlled not by state agencies directly, but through the "institutional environment in which NGOs must navigate". Using DiMaggio and Powell's classic framework, an organizational field exerts three types of isomorphic pressures on member organizations – coercive, mimetic and normative – which "overtly or tacitly force NGOs to adopt similar structures and behaviours."[389] Coercive pressure is generated by coercion and regulations on dependent bodies, mimetic pressure is generated by uncertainty, and normative pressure stems from professionalization. But rather than considering how such pressures shape NGOs, Hasmath and Hsu argue that they are the factors that have contributed to the lack of state-NGO collaboration. While NGOs mimic their structure and practices upon each other to market themselves to state agencies, strict regulations exert coercive pressure that limit NGOs' collaborative efforts with the local state and the need to gain epistemic awareness from the state creates normative pressure for NGOs to achieve professionalization.

[387] Carolyn L. Hsu and Yuzhou Jiang, "An Institutional Approach to Chinese NGOs: State Alliance versus State Avoidance Resource Strategies," *The China Quarterly* 221 (2015): 100-122.
[388] Ibid.
[389] Hasmath and Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China," 938.

7.3 NGO resource-oriented strategies

With the rise of service procurement, a new ecology of opportunities is created across different localities, generating institutionalized and marketized platforms for service NGOs to build alliances with local states and obtain resources. I follow both Hsu and Hasmath and Hsu to analyze these NGOs and their potential sponsors – local state agencies – as an organizational field. As organizations, NGOs in this emerging organizational field follow two basic goals: maintaining survival and pursuing constituents' interests. Although these two goals may not be mutually exclusive, NGOs tend to select their strategic focus. As Hsu pointed out, such strategic focus could vary according to the NGOs' cultural expectations and the organizational experiences of their founders. In this chapter, however, I argue that the dependence on government funding for survival exerts a more fundamental pressure on NGO actors to act in compliance with local state interests.

In China, while official funding was not a major source of revenue of NGOs in the past, the rise of government procurement has changed the situation, especially for service-oriented NGOs. Studies have found that, in many localities, government funding now makes up the bulk of service NGOs' income. For example, in Beijing, Shenzhen or Dongguan, the proportion of government funding for service NGOs has even reached as much as 95 percent. [390] Under this government-dependent organizational field where institutional practices are not fully developed, service NGOs, especially those that are newly-established or lacking grassroots civil society ties, tend to focus their effort on securing state resources for survival and expansion. Such orientation is shaped primarily by the mimetic and

[390] Xia Jianzhong and Zhang Juzhi, "Woguo chengshi shequ shehui zuzhi de zhuyao leixing yu tedian [Major types and characteristics of China's urban community social organizations]", *Chengshi guancha [Urban Insights]*, 2 (2012), http://www.gzsk.org.cn/URBAN-INSIGHT/Magazine/2012/201202/201202-25_split_1.pdf, accessed September 5, 2016.

normative isomorphic pressures exerted through the organizational field, under which NGOs are more likely to appear as compliant service providers rather than groups engaging in activism. This type of service NGOs make up the majority of my sample – some are established by university professors while others are founded by businessmen or private companies with no prior social service or NGO experiences. To secure resources and trust from the local state, this kind of service NGOs adopts a resource-oriented strategy. They tend to emphasize service provision, present an image of being "both red and expert" (*youhong youzhuan* 又红又专) and build up close relationships (*guanxi*) with local officials. These strategies, as I argue, are more the result of NGOs' self-disciplining behaviour in face of isomorphic pressures than that of government control.

7.3.1 Emphasizing service provision

Under the system of "graduated controls", service NGOs are supposed to encounter the lowest level of control, because they focus on service delivery rather than activism, receive funds from government, and operate in small scale or at local levels.[391] Hence, service NGOs tend to be immune from direct coercive pressure experienced by advocacy or politically-oriented NGOs. However, this does not mean that the Party-state leaves service NGOs alone. Instead, it relies on a more subtle technique to exercise control. Rather than issuing binding orders or interfering with NGOs' daily operation, the state grants them operational autonomy but exploits the uncertainty surrounding them – uncertainty about the boundaries of permissible political actions – to induce self-disciplinary behaviour. As Stern and Hassid suggest, while repression affects only a small fraction of Chinese activists, it is the political uncertainty, reproduced through unclear instructions and mixed signals from officials, that

[391] Wu and Chan, "Graduated Control and Beyond"; Chan Kin-man, "Commentary on Hsu: Graduated Control and NGO Responses: Civil Society as Institutional Logic," *Journal of Civil Society* 6.3 (2010): 301-306.

keeps most politically-inclined people and groups in line. While uncertainty is not necessarily a deliberate and coherent state strategy, it suffices to induce self-censorship among public professionals and activists through "control parables" that prescribe how to prevent future clashes with authority.[392] Tam and Hasmath look at how the uncertainty of state tolerance prompts religious NGOs to navigate with strategies such as working with local agents, fostering trust with the local government, and keeping a low profile.[393] These works show that operational autonomy is after all a double-edged sword under an authoritarian context. Although NGOs have the freedom to decide their own affairs, they must bear the consequences of antagonizing the state.

For service NGOs, like other types of NGOs, a perennial source of uncertainty originates from the unpredictable nature of China's authoritarian politics. The ever shifting political winds and the reshuffling of political leadership can lead to drastic personnel changes that undermine policy continuity at the local level. Although such uncertainty is mitigated by the central government's commitment to social services and by the institutionalization of NGO procurement, service NGOs still face the uncertainty of how rules and regulations are being interpreted by different components of the local state. Under fragmented authoritarianism, local officials have much discretion over policy implementation. For example, in Guangzhou, although procurement rules for community service centres require street governments to provide service venues for NGOs either for free or at low cost, some governments charge them heavy rent and justify it by their own interpretation of "low cost".

[392] Rachel E. Stern and Jonathan Hassid, "Amplifying Silence: Uncertainty and Control Parables in Contemporary China," *Comparative Political Studies* 45.10 (2012): 1230-1254.
[393] Jonathan Tam and Reza Hasmath, "Navigating Uncertainty: The Survival Strategies of Religious NGOs in China," *Journal of Civil Society* 11.3 (2015): 283-299.

The greatest source of uncertainty, however, comes from the ambiguity between service and activism. In one Guangzhou neighbourhood, for example, after a teenager died of heart attack at school, his parents blamed the school for not giving immediate medical help. They sought help from the community NGO, and social workers were at first keen to help them in seeking redress from the school. But the street government stepped in and stopped the NGO from following up, fearing that they might amplify (*gaoda* 搞大) the incident and draw media attention. In other words, what is service for NGOs can be considered as a form of activism with potential threats to social stability or embarrassment for local officials. Moreover, the distinction between service and activism is also constantly shifting. While some service NGOs initially succeeded in exploiting the ambiguity to engage in boundary-spanning contention[394], their activism eventually drew reprisal from the state. As I will discuss soon in detail, the crackdown of Nanfeiyan, a former grassroots labour NGO turned into a service NGO, suggests that being a service NGO is not always immune from state coercion. Even if service NGOs can escape outright repression, they still face the prospect of administratively punishment, project reduction or even deregistration.

In short, uncertainty is a common condition faced by service NGOs. As one NGO representative lamented, "social work has many hidden traps: it is hard to know what you have done wrong, what line you have overstepped, until you have done it."[395] This is especially so when I ask NGO workers why they seldom engage in rights advocacy for disadvantaged groups, such as migrant labour. An NGO representative explained: "Migrant labour faces a range of problems such as household registration, education and welfare. But government policy is vague. Even if NGOs want to help, we don't know how to. Maybe the

[394] Kevin O'Brien, "Neither Transgressive nor Contained: Boundary-Spanning Contention in China," *Mobilization: An International Quarterly* 8.1 (2002): 51-64.
[395] Interview with NGO leader (no. 11), Guangzhou, July 31, 2014.

government thinks these problems are too sensitive to be touched. We don't want to take the risk."[396] For service NGOs, the risk of antagonizing the government is often part of their everyday calculus. To play safe and avoid trouble, they tend to signal their willingness to help the state in delivering service and stress a depoliticized approach, refraining from addressing sensitive issues or engaging in rights advocacy.[397]

It is therefore not so much the direct exertion of coercive pressures as the uncertainties with potential coercive reprisals that manufacture NGO compliance. As neo-institutionalist theories posit, uncertainty in an organizational field generates mimetic isomorphic pressures for organizations to imitate more successful structure or behaviour. For service NGOs, one common strategy is to differentiate from grassroots or politically inclined NGOs. Not only do they avoid sensitive issues, they also refrain from *identifying* as a typical NGO and cooperating with grassroots NGOs. Another NGO representative explicitly distanced his organization from civil society:

> "We don't regard ourselves as NGOs as we don't mobilize people. We position ourselves as a professional social work organization (*shegong jigou* 社工机构). Technically we are an NGO. But the word 'NGO' has a particularly sensitive (*mingan* 敏感) connotation in China."[398]

I later asked a representative from an NGO that specializes in capacity building for grassroots NGOs about his views on these state-sponsored service NGOs. The representative lamented the lack of awareness and interest among these organizations towards the grassroots NGO community: "Some time ago we approached these service NGOs for collaboration. But they were not so keen. Perhaps they are not aware of the broader civil society, but it may well be that they just don't need us."[399] A junior staff at that NGO, who had work experience in a Guangzhou CSC, recalled: "My former supervisor told me that we already have government

[396] Interview with NGO staff (no. 10), Guangzhou, May 30, 2014.
[397] Hasmath and Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China."
[398] Interview with NGO staff (no. 25), Guangzhou, January 13, 2015.
[399] Interview with grassroots NGO leader (no. 52), Guangzhou, March 25, 2015.

funding; if we apply for money from private foundations, it could raise suspicion from the government."[400] After working for a year there, he quitted because he wanted to work in a real grassroots NGO. But not all service NGOs refrain from non-government funding. One service NGO, for example, had projects sponsored by Hong Kong NGOs. However, because of the newly introduced foreign NGO law, it quickly ceased the collaboration to avoid government suspicion.

7.3.2 Becoming red and expert

These uncertainty-induced mimetic pressures are accompanied by a normative pressure generated by the government's promotion of professionalization (*zhuanyehua* 专业化) among service NGOs. To some extent, such normative pressure stems from the growth of social work profession itself, as more professionally trained social workers enter the sector. But the government, as the initiator of service procurement, plays a more fundamental role in the process. In Guangzhou, when the government promulgated the procurement program in 2008, it explicitly promoted the development of professional social work (*zhuanye shegong* 专业社工) with the help of the academia. Among the first cohort of service NGOs founded in 2008 and 2009, 10 out of 15 were founded by university professors in the social work field. Some of them were even established under local officials' persuasion. As a Civil Affairs official revealed, "NGOs with university background are trustworthy. Their founders have a public profile. They also have the professional expertise, they are socially respected, and they can guarantee good supply of social workers."[401]

[400] Interview with grassroots NGO staff (no. 62), Hong Kong, September 21, 2015.
[401] Interview with government official (no. 3), Guangzhou, March 20, 2014.

In short, professionalized NGOs are more predictable from a managerial perspective. On the one hand, their pedagogic approach to social problems differs from the advocacy-oriented or mobilizational approach pursued by conventional NGOs, which is thought to endanger rather than maintain social stability. On the other hand, they often adopt more transparent governance structures that enable government scrutiny, providing an exemplary model for other NGOs to follow in order to gain legitimacy and minimize uncertainty. For new NGOs founded by individuals or private companies that have no experience in social services, professionalization becomes a key strategy to demonstrate competency and gain government trust. To compensate for their lack of experience and credentials, new NGOs tend to recruit social workers from more professionalized counterparts and imitate their organizational structure.

Propensity for professionalization is also shaped by a soft coercive pressure exerted by government regulation. The tender evaluation provides some clues. In Guangzhou, tender evaluation for CSC projects appraises bidders on three components: (1) commercial capability, (2) technical capability, and (3) service hours. It is not hard to see how these criteria, especially the first two, encourage professionalization among service NGOs in terms of governance and service provision. The commercial aspect assesses an NGO not just on past performances and reputation, but also on the quality of corporate governance – whether it has a board of directors formed by professionals (including social workers, lawyers and accountants), and whether it has sufficient number of professionally-qualified social workers. The technical aspect measures an NGO's ability to provide professionalized services in the neighbourhood: for instance, what key service targets it has identified, what services it will offer for the elderly, youth and family, and what indicators it will use to track performance. A evaluation system (*pinggu tixi* 评估体系), which models on those introduced for other types

of social organizations, was further introduced in 2014 to evaluate all service NGOs on a five-point scale, and such score is made an assessment criteria in an NGO's "commercial capability". The rating measures an NGO on five components – (1) corporate governance, (2) operation, (3) financial management, (4) impact and (5) institution building – with a total of 51 indicators, comprising 110 components. While the system is clearly intended to regulate the rapidly growing sector and differentiate more capable NGOs from the substandard ones, it imbues a constant mood of competition that prompts service NGOs to focus on professionalization as required in order to remain competitive.

Marketing their professional calibre is not all it takes. Another way is for service NGOs to gain government confidence to establish internal Party cells, which helps to signal loyalty to the state. In 1998, an internal circular issued by the central government had called for the establishment of Party cells in social organizations.[402] But this merely reiterated official policy: Article 29 of the Constitution stipulates that a Party cell should be established in organizations with three or more Party members. But the policy had been loosely enforced: a Politburo directive issued in May 2015 which ordered the establishment of Party cells in all social, cultural and economic organizations was an indicative sign. Nevertheless, regardless of the decree, many service NGOs took a more proactive role. As I show in Table 1, among the Guangzhou-based service NGOs which I could obtain information about whether they have Party cells, those that have established Party cells are more likely to have more service projects by 2016.

[402] Saich, "Negotiating the State."

Table 1: Relationship between Party cell and number of service projects

Party cell?	No. of service NGOs	Average number of projects
No	20	1.3
Yes	51	2.4
Total	71	2.1

Source: NGO websites and interviews

Some NGOs had even installed Party cells by the time they were founded. An NGO representative, who is a Party member, said Party cell was intended as a gesture of goodwill, but only a symbolic one:

> "Having a Party cell wasn't such a strict requirement back then. But we felt if we took the initiative to establish one, the government will feel more assured. After all, Party cells don't really affect our work. After meetings, we just leave the Party members behind to convene Party meetings and take a picture with the Party flag."[403]

Some even branded themselves as a Party-affiliated organization, or a PONGO.[404] Qizhi is an exemplar of this kind of "red and expert" NGOs. The founder, Li Sen, is a veteran volunteer and transformed the volunteer organization he led into a service NGO. With the support of the provincial Communist Youth League, where Li serves as a committee member, Qizhi obtained a number of projects in Guangzhou and Foshan, and combined services with Party work, an example being Nanhai's July 1 Space.[405] In its recruitment notice for university graduates, it specified that priority would be given those with Party membership and those who have worked in Party cells (*dangzhibu* 党支部). In 2016, Li was among the 100 party members awarded by the Communist Party for carrying out excellent "Party work" (*dangwu gongzuo* 党务工作). For other less proactive service NGOs, while it is difficult to administratively enforce the Party policy, the government has shored up incentives by incorporating the establishment of Party cells into the NGO rating system. NGOs are

[403] Interview with NGO staff (no. 61), Hong Kong, August 26, 2015.
[404] Thornton, "The Advance of the Party," 3.
[405] "Shegong zhuanyehua rang mengxiang zhaodao zhidian [The professionalization of social work allows dreams to thrive], *Southern Daily*, April 16, 2013, http://epaper.southcn.com/nfdaily/html/2013-04/16/content_7182155.htm, accessed September 6, 2016.

evaluated for whether they have set up a Party cell and whether they have organized sufficient Party activities with complete documents – which in turn affect their chances of winning contracts.

7.3.3 Building guanxi

The uncertainty of securing procurement projects not only fosters trust-building with the Party-state as a whole, but also prompts service NGOs to build interpersonal connections (*guanxi*) with *particular* local officials. The role of *guanxi* has been a subject of intense interest among China scholars. While *guanxi* is seen as a cultural phenomenon rooted in China's distant past[406] or the social embeddedness of Chinese people[407], it is also argued to be an institutional response for individuals and groups to cope with an institutionally uncertain environment under unequal opportunities, shortage economies or the absence of formal and reliable laws.[408] In other words, building informal relationships with power-holders are crucial to accessing and obtaining resources in the political, economic and social realms. The same can be observed in the newly emerging NGO procurement programs. Despite written procurement procedures and parameters, local officials at different levels of local governments have significant discretionary power in allocating service contracts. As I have described in Chapter 4, for service NGOs, while their registration hinges on the support from local Civil Affairs authorities, the prospect of winning and maintaining projects depend heavily on good relationships with street and district officials.

[406] Mayfair Yang, *Gifts, Favors, and Banquets: The Art of Social Relationships in China* (Ithaca, NY: Cornell University Press, 1994).
[407] Yanjie Bian, "Guanxi and the Allocation of Urban Jobs in China," *The China Quarterly* 140 (1994): 971-999.
[408] See Walder, *Communist Neo-traditionalism*; Lucian W. Pye, "Factions and the Politics of Guanxi: Paradoxes in Chinese Administrative and Political Behaviour," *The China Journal* 34 (1995): 35-53; Andrew B. Kipnis, *Producing Guanxi: Sentiment, Self, and Subculture in a North China Village* (Durham, NC: Duke University Press, 1997); Thomas Gold, Doug Guthrie and David Wank, eds., *Social Connections in China: Institutions, Culture, and the Changing Nature of Guanxi* (Cambridge, UK: Cambridge University Press, 2002).

The importance of *guanxi* is often mentioned during my interviews with service NGOs. A founder of a small NGO which runs a CSC in Huangpu district harshly criticized the phenomenon of winning contracts by forging *guanxi* with officials:

> "The procurement market is not a real market. It is people-ruled (*renzhi* 人治). You always have to win the favour of the local officials in the neighbourhood if you wish to bid the project there, since they will give you hints on the proposal. And to win their favour, you need to follow the implicit rules in the field of officialdom (*guanchang* 官场). This favours the large NGOs because they have the resources, network and brand effect. Small ones like us are less advantaged."[409]

Ironically, she did not refrain from using her own *guanxi*. In her NGO's last evaluation session, she invited a friend who is a relative of a street official to "make things more convenient" (*fangbian dian* 方便点). Asked whether it is inconsistent with her critical views on *guanxi*, she explained that it was still a necessary compromise to survive and was at least not as blatant as others. Indeed, there are less subtle tactics. I was told in an interview by a professor whose colleague, a service NGO founder, asked for his help, seeing if he can use his connections with a Guangzhou district government, to "say some good things about them" (*shuoju haohua* 说句好话).[410] The reason is that preference of the district and street government counts heavily in the tendering process – and sometimes even outweighs the importance of performance. Another interviewee, Ms Wang, a former social worker at service NGO with a religious background, expressed her frustration for not being able to renew the tender contract despite her organization's good performance: "We have done well and it was shown in the evaluation. But the street government replaced us with another NGO. I suspect there are some backdoor dealings, although I cannot be sure. It was not just un-meritocratic. It was unfair."[411]

[409] Interview with NGO leader (no. 50), Guangzhou, March 25, 2015.
[410] Interview with university professor (no. 4), Guangzhou, May 16, 2014.
[411] Site visit to a Liwan District community service centre, Guangzhou, January 14, 2015.

Not surprisingly, the reliance on particularistic ties has created fertile soil for rent-seeking and corrupt practices. It is not uncommon to come across hearsays from NGO workers that certain street governments had asked for kickbacks from service NGOs. The problem has been an open secret.[412] A Xinhua report found that kickbacks could range from 20 to 40 percent in some government procurement projects.[413] While analysts often attribute the problem to the lack of regulation and competition, it must be emphasized that the institutional design of service procurement also plays a crucial role. As I observe, kickbacks tend to be a more serious problem in Guangzhou where procurement is administered and sponsored by the municipal government, but implemented by the street government in the respective neighbourhood. Such disjuncture between policymaking and implementation across the *tiao-kuai* matrix – or between the sponsor and the actual buyer – generates room for rent seeking. By contrast, in Nanhai, where procurement is decentralized at the territorial states such that they spend the money they budget, there is much less room for local governments to demand kickbacks.

Despite these corrupt practices, service NGOs do not always succumb to predatory street governments. When their *guanxi* with low-level local state deteriorates, service NGOs can reach out to high-level governments to exploit the cleavages between different local state components. For example, one service NGO complained to the district Civil Affairs authorities that the street government had withheld funds allegedly as "administrative costs". In response, the Civil Affairs officials put pressure on the street government to urge them to follow the rules and release the money. As the case illustrates, service NGOs prefer not to

[412] Wu Yuxia et al., "Gonggong fuwu lian shijiao xia zhengfu xiang shehui zuzhi goumai fuwu de moshi yanjiu" [A study on government procurement models of NGO services under a public service perspective], Chinapo.gov.cn, http://www.chinanpo.gov.cn/700104/92499/newswjindex.html, accessed September 29, 2016.
[413] "Zhengfu goumai fuwu kongcheng fubai xinzaiqu" [Government procurement of service might become a new corruption hotspot], Xinhua, July 3, 2014, http://news.xinhuanet.com/politics/2014-07/03/c_126703539.htm, accessed September 29, 2016.

take a high-profile, oppositional approach to protest against the predatory local states (e.g. seeking media coverage), but instead draw support and resources from state actors within the system to protect their interests. However, there is a limit to this strategy. As the representative from the above NGO said, "If both the district and municipal Civil Affairs authorities ignore your complaint, then you probably have to 'eat it up' yourself (*ziji tundiao* 自己吞掉). If you protest, the government will lose face."[414] The possibility for collective actions among service NGOs is further undermined by the lack of horizontal collaborations within the service NGO sector, where a competitive atmosphere among NGOs has instead dominated. And given the high turnout rate in the sector, solidarity among social workers is unsurprisingly weak.[415]

In combination, these resource-oriented strategies have rendered many service NGOs inherently conservative, risk-averse, and strategically loyal to the Party-state, presenting themselves more as compliant service providers than advocates of citizen rights or policy changes. The above argues that such behaviour are not forced by the government, but rather motivated by a survival instinct under what service NGOs perceive to be an institutionally uncertain environment. Despite hopes that service NGOs could create a more vibrant civil society, the result is rather the opposite. To borrow the words of Kin-man Chan, a veteran observer of Chinese civil society, "while the third sector is growing fast, civil society is in fact shrinking."[416]

[414] Interview with NGO leader (no. 64), Hong Kong, October 7, 2015; Interview with NGO leader (no. 45), Guangzhou, February 11, 2015.
[415] Interview with social work academic (no. 48), Hong Kong, March 9, 2015.
[416] Kin-man Chan, "Ruo NGO meiyou dulixing, hetan gongmin shehui" [If NGO has no independence, how do we speak of a civil society], *NGOCN*, June 8, 2013.

7.4 Conclusion

This chapter has analysed the new techniques of state control under government procurement from the NGOs' perspective. I have argued that NGOs are neither surrogates of the state that act only on its order nor politically oriented actors seeking to challenge state power. Instead, they are organizational actors that respond to their institutional environment, through which the state impose constraints on them. Given their high dependence on government funding, service NGOs are incentivized to focus on maintaining survival, which they do so by pursuing three key strategies – emphasizing service provision, becoming professionalized and Party-centric, as well as building good *guanxi* with local officials. These strategies induce compliance with the state, allowing officials to control NGOs at a distance without interfering into their everyday business. However, not all NGOs are prone to such compliance – and to this we turn in the next chapter.

Chapter 8 Negotiating Service Activism: The Impact of NGOs' Institutional Embeddedness

Not all service NGOs behave like compliant service providers. Despite the exertion of isomorphic pressures on the actors through the organizational field, some actors have defied these pressures and become exceptions to the rule. Neo-institutional scholars have criticized earlier studies of organizational field for overemphasizing the homogeneity of the organizational actors. As Wooten and Hoffman argue, these works depict "recipients of field-level influence as a homogenous collection of organizational actors, each behaving according to a social script designed by the social environment."[417] Such perspective could conceal attempts by which organizational field actors contest or resist the isomorphic pressures, which could be common in authoritarian settings as actors defy the social script by engaging in "everyday resistance", "boundary-spanning contention", or "embedded activism". To bring back agency and change to neo-institutional theory, critics have suggested examining how field actors conform to their institutional contexts, or respond strategically as "institutional entrepreneurs".[418] Similar criticism has also been made on scholars' conceptualization of the Chinese NGO landscape as an organizational field. In response to Hsu, for example, Chan argues that although the resource-driven strategy of NGOs explain their interdependence with local governments, it does not explain why NGOs have not sought resources from overseas or domestic independent foundations to become more autonomous and publicly accountable.[419]

[417] Melissa Wooten and Andrew J. Hoffman, "Organizational Fields Past, Present and Future," *Ross School of Business Paper* 1311 (2016).
[418] Paul J. DiMaggio, "Interest and Agency in Institutional Theory," in *Institutional Patterns and Organizations*, ed. Lynne Zucker (Cambridge, MA: Ballinger, 1988), 3–21.
[419] Kin-Man Chan, "Commentary on Hsu: Graduated Control and NGO Responses: Civil society as Institutional Logic," *Journal of Civil Society* 6 (2010): 301-306.

Indeed, a careful look into China's newly-emerging service NGOs will find that "institutional entrepreneurs" also exist. These service NGOs do not only focus on maintaining organizational survival, but also seek to pursue the interests of their constituencies. For them, service procurement offers a platform to obtain government legitimacy and resources, with which they can maintain survival and pursue more progressive social objectives, such as policy advocacy or rights defence for marginalized groups. While aware of the constraints and boundaries that come with government funding, they consider social service *as a strategy* to expand civil society. For them, civil society activism is not necessarily about collective protests or antagonistic actions. In a repressive authoritarian setting where organized activism is prohibited, service provision offers a legitimate channel to defend the interests of community residents or marginalized populations and to negotiate with the government for policy changes. On the other hand, to avoid government suspicion and apprehension, they tend to refrain from activities that are explicitly antagonistic (e.g. protests) or could be deemed as threats against social stability. They also prefer to frame their objectives in officially-sanctioned terms such as "philanthropy" (*gongyi* 公益), "charity" (*cishan* 慈善) or "service" (*fuwu* 服务), rather than "civil society" or "NGO" that carry more sensitive connotations. In essence, this kind of service NGOs can be said to be engaging in what Ho and Edmonds call "embedded activism", through which organizations negotiate for social and political changes in a simultaneously restrictive and conducive environment.[420] But to capture its close relation to service provision, I describe this kind of advocacy as "service activism".

In this chapter, I examine how service NGOs engage in policy or rights advocacy *through* service delivery in collaboration with local states and what determine the success of their

[420] Ho and Edmonds, *China's Embedded Activism*.

tactics. I argue that while a service NGO's embeddedness within the state is useful for blending service provision with policy or rights advocacy, the success of its advocacy tactics depends on the nature of the institutional linkage it establishes with a local government partner as well as the extent of threat such tactics entail or evoke. On the one hand, contrary to what scholars have expected, greater embeddedness, or the closeness to which service NGOs collaborate with local states, does not necessarily guarantee successful advocacy or activism. While loosely embedded NGOs are exposed to greater risks of severed ties with the government and even repression, deeply embedded NGOs are likely constricted by their clientelistic ties with local state partners, thus limiting their ability to pursue an autonomous agenda. An intermediate level of embeddedness, however, gives service NGOs both the legitimacy and autonomy to engage in more successful advocacy. On the other hand, while advocacy tactics that closely engage government officials are more likely to pay off, those that the authorities regard as sensitive or antagonistic can undermine collaborative ties and attract state repression.

8.1 State-NGO relations in China: from interdependence to collaboration

Existing works on Chinese NGOs have suggested interdependence to be one of key features in China's state-NGO relations. While the state needs NGOs to take up some of its tasks and to address changing social needs, NGOs also need the state for obtaining legitimacy, resources and capacity to survive and carry out their work. Hence, rather than a clean, dichotomous division, state and NGOs are connected by complex, interpenetrating and fluid linkages. Although these linkages serve as levers for the state to exert continuous control, they do not necessarily erode NGOs' autonomy but could rather facilitate their work. Distinguishing between the concept of independence and autonomy, Lu Yiyi argues NGOs

could enjoy a large degree of autonomy even if they are dependent on the state. Since the state provides NGOs with benefits including legitimacy, protection, resources and implementation capacity, many government-organized and popular NGOs are found to be highly dependent on the state, characterized by what she calls "dependent autonomy".[421] Such dependency relations can even facilitate NGO activism. For instance, Peter Ho argues that environmental NGOs engage in what he calls "embedded activism" within a restrictive yet conducive environment, where the state imposes rules of control but leaves ample avenue for political actions. By taking advantages of the linkages that embed them in the Party-state structure and an intricate web of personalized relations with state officials, NGOs can enter into a negotiated symbiosis with the state and gain leverage for policy activism.[422] Anthony Spires turns attention to unauthorized grassroots NGOs, which form some kind of "contingent symbiosis" with the state. Although these NGOs are less dependent on the state for tangible support, their survival remains highly dependent upon tacit alliances with the state, which is contingent upon the state's evolving calculation of benefits and risks.[423]

With the Party-state's rhetorical commitment to social governance and the rise of government service procurement, Chinese local states have begun to collaborate with NGOs on official terms. As a result, state-NGO interdependence has become more routinized and institutionalized, actualizing as formal collaborations. Jessica Teets argues that growing collaborations are shifting state-society relations from some forms of corporatism to "consultative authoritarianism", in which NGOs are able to enjoy operational autonomy amidst the presence of more sophisticated and indirect state control.[424] While this shows that local states are willing to open up more space for NGOs to address citizens' service needs,

[421] Lu, *Non-governmental Organizations in China*, 48-74.
[422] Ho and Edmonds, *China's Embedded Activism*, 37.
[423] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State," 14.
[424] Teets, *Civil Society under Authoritarianism*.

NGOs are becoming institutionally dependent on local states for projects and funding. Jennifer Hsu and Reza Hasmath further argues that NGOs' success are increasingly determined by their interactions with what they call "local corporatist states", which use tacit sanctioning, or less coercive measures, to empower and discipline their work.[425]

Although these works have increased our understanding on local state-NGO collaborations, they have suffered from two major limitations. First, although these works do not explicitly argue that greater dependence is more likely for NGOs to attain success, there is an implicit assumption that closeness to the state is more beneficial and preferable. For instance, Hasmath and Hsu show that, for NGOs that partner with local states, "closeness is seen as one method to further advance their work and, ultimately, determine the scale and success of their projects".[426] However, even though institutional dependence on local states is important for NGOs, it is not clear what kind or what extent of dependence is most beneficial. For some dependency relations, NGOs are said to be incorporated into the state structure. Jude Howell, for instance, shows how labour NGOs have been co-opted into the Party-state through welfarist incorporation, which "stymie their radical edge" and "wean them off external funding".[427] For others, NGOs are able to engage in a more positive partnership with local states. Andreas Fulda demonstrates how a community-based NGO is able to use a network governance approach to promote public participation in the governance process. In other words, the nature and degree of institutional dependence must be carefully considered for determining its impact of the NGOs' work.

Second, NGOs' success is often vaguely defined. Existing works generally consider success in terms of NGOs' effectiveness of carrying out their work without hindrance by the state.

[425] Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China," 522.
[426] Ibid., 534.
[427] Howell, "Shall We Dance?"

However, this broad conception of success conceals the fact that NGOs tend to pursue different goals: for example, some NGOs merely want to maintain organizational survival without substantial activities; some intends to deliver services for citizens in need; and others might want to maximize constituents' interests and engage in policy or rights advocacy. It would be expected that the first two goals are easier to achieve than the third. If an NGO's goal is to survive or take up government projects, dependence on local state will guarantee a high likelihood of success. But if NGOs aim to engage in advocacy work, sometimes even addressing more politically sensitive issues, then the effect of local state dependence will be more uncertain. In other words, NGO success does not just depend on its closeness with the state, but also what kind of goals and activities it has in mind. A more nuanced analytical perspective is thus needed for understanding the impact of NGOs' institutional relationship with local states on the outcomes of their collaboration. In the following, I first develop the concept of "institutional embeddedness" as an analytical device to measure the strength of linkage between an NGO and its partnering local state agency.

8.2 Institutional embeddedness

Embeddedness, first posited by the economic historian Karl Polanyi, has become an important concept in social sciences. Polanyi uses the concept to describe how economic processes in non-market societies are connected to and regulated by — hence embedded in — social institutions, such as religion, kinship or moral values. In contrast, under market societies, economic activities have become disembedded, leaving these social institutions to embrace a self-regulating logic.[428] While Polanyi's work left a normative implication that social embeddedness could stabilize economic processes, Mark Granovetter refines the

[428] Karl Polanyi, *The Great Transformation*: *The Political and Economic Origin of Our Time* (Boston, MA: Beacon Press, 1957).

concept and operationalizes it as a measure of social relationships to explain its impact of economic behaviour.[429] Viewing economic behaviour neither as decisions made by atomized individuals outside a social context nor as actions determined by strictly adhering to a social script, Granovetter argues that actors' choices are embedded in networks of interpersonal relations, influenced by the observed and expected behaviour of others. Stronger interpersonal linkages, or a high degree of embeddedness, are expected to facilitate economic transactions by generating trust and discouraging malfeasance.

As a concept, embeddedness applies not only to individuals but also to organizations. Like individuals, organizations are embedded in a variety of inter-organizational networks, which allow them to navigate uncertain environment, obtain resources, and decide how they make future alliances.[430] Granovetter further distinguishes two types of embeddedness: *relational embeddedness* refers to the quality of direct ties between any two actors, and *structural embeddedness* concerns the configuration of the overall network of relations, or the extent to which the mutual contacts of the two actors are connected to one another.[431] While such distinction has generated much research interests in the field of organizational sociology, political scientists often implicitly refer to the *relational* notion when using the concept of embeddedness. Most prominently, Peter Evans brings the concept into the analysis of developmental states, arguing that states are embedded "in a concrete set of social ties that […] provides institutional channels for the continued negotiation and renegotiation of goals and policies." For Evans, state embeddedness with entrepreneurial groups provides it with the "source of intelligence and the ability to rely on decentralized private implementation". States

[429] Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology* 91.3 (1985): 481-510.
[430] Gerald R. Salancik and Jeffrey Pfeffer, "A Social Information Processing Approach to Job Attitudes and Task Design," *Administrative Science Quarterly* 23.2 (1978): 224-253; Ranjay Gulati and Martin Gargiulo, "Where do Inter-organizational Networks Come From?" *American Journal of Sociology* 104.5 (1999): 1439-1493.
[431] Mark Granovetter, "Problems of Explanation in Economic Sociology," in *Networks and Organizations*, eds. Nitin Nohria and Robert Eccles (Boston, MA: Harvard Business School Press, 1992), 25–56.

can be considered as developmental when such embeddedness is combined with the internal coherence of the state apparatus, giving rise to "embedded autonomy".[432]

This relational notion of embeddedness has also been brought into the studies of China's social organizations. But instead of state embeddedness in society, their focus is the opposite — the embeddedness of social organizations in the state structure. In Lu Yiyi's concept of "dependent autonomy" or Peter Ho's "embedded activism", for example, social organizations are considered to be dependent on, or embedded in, the state apparatus to obtain legitimacy and resources for achieving different goals. Here, embeddedness is seen as a feature among many social organizations, which they attain by establishing ties with both state organizations and officials. While greater embeddedness is generally assumed to facilitate social organizations in achieving their goals, scholars have not explicitly considered embeddedness in variation. The gap has only been addressed recently by Timothy Hildebrandt's study on social organizations. As he argues, "[e]mbeddedness is so common among Chinese social organizations that it is not entirely helpful to simply refer to embeddedness broadly."[433] Referring embeddedness not to organizational ties but rather to the personal ties between individual organization leaders and individual government officials, Hildebrandt distinguishes between deep and shallow embeddedness. S*hallow embeddedness* makes an organization more sustainable because it creates relations with multiply individuals in different government units, making their ties more diffuse and less likely to depend on any single relation. *Deep embeddedness*, on the other hand, occurs when an organization are strongly linked to very few government officials, which makes them more volatile because it is highly dependent on a relation. Similarly drawing on the concept of embeddedness, Yang and Alpermann's work on children and youth NGOs focuses on organizational ties rather

[432] Peter B. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton, NJ: Princeton University Press, 1995), 12.
[433] Hildebrandt, *Social Organizations and the Authoritarian State in China*, 145.

than personalistic ones.[434] Identifying formal registration, informal government ties and state funding as three indicators of embeddedness, they construct a spectrum between embeddedness and marginalization to characterize the relationship of a civic organization towards the state.

This chapter also intends to address the variation of embeddedness. But unlike Hildebrandt who analyses personal ties between NGO leaders and officials, I follow Yang and Alpermann to focus on organizational ties between NGOs and local states. The choice of the latter approach does not mean that I consider personal ties as unimportant. On the contrary, as scholars have convincingly shown, interpersonal connections, or *guanxi*, are crucial for social organizations to forge collaboration with government units even in the absence of formal opportunities.[435] The reason that I focus on organizational ties is twofold. First, it is hard to measure the strength of personal ties and let alone compare them across institutional contexts to gauge their impact on state-NGO collaborations. For example, although it is easy to know whether NGO leaders have *guanxi* with government officials, it would be less so to assess the quality of a *guanxi*, given that human relationships are dynamic and volatile. Second, the emergence of NGO procurement has made the formation of formal collaborations easier and their operation more institutionalized, rendering personalistic ties less central to state-NGO interactions. As such, NGOs are embedded in local state structures through formal, contractualized institutional ties. While personal ties remain important in initiating or sustaining formal collaborations, they are increasingly expressed *through* these institutional linkages.

[434] Katja M. Yang and Björn Alpermann, "Children and Youth NGOs in China: Social Activism between Embeddedness and Marginalization," *China Information* 28.3 (2014): 311-337.
[435] Hildebrandt, *Social Organizations and the Authoritarian State in China*; Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State."

I hence conceptualize the strength of ties of an NGO to its partnering state agency as its "institutional embeddedness" in the state structure. Although the concept seems to express both a static and an NGO-centric perspective, it should be better understood as a dynamic product of negotiations, shaped mutually by the NGO and its state partner. To measure the varying degrees of "institutional embeddedness", I identify three key aspects of typical local state-NGO collaboration as its variables: 1) mode of local state involvement, 2) government financing, and 3) NGO's external linkages. While the first two variables focus on the state, the third turns attention to social organizations. Contrary to Yang and Alpermann, I do not include formal registration as a variable. For the purpose of this chapter, I consider only registered NGOs because registration is a prerequisite for formal collaboration, i.e. participating in government service purchasing. However, registration as a variable can be included once we expand the research scope to include informal collaborations.

These three variables must first be more clearly specified. First, local states employ different strategies in developing the social service sector. Chapter 6 has discussed various modes of local state involvement — developmental, clientelistic and regulatory — which in turn bestow different forms of membership for partnering NGOs. For example, in local clientelistic states, an NGO is likely to engage more directly with the local state and more likely to serve as its appendage, hence higher embeddedness; whereas in developmental one, an NGO is likely to operate in a more networked structure that allows it to interact more with other social actors and intermediary agents, hence lower embeddedness. Second, state agencies give different levels of financial support for partnering NGOs. Some provide bigger funding amount with longer project duration; others may have smaller funding and shorter contracts. As a result, an NGO that receives most, if not all, of its funding from a state agency is more embedded; one that obtain a lesser proportion of its funding from the state is much

less so. Third, NGOs also establish varying degree of external linkages with other state agencies as well as civil society actors. On the one hand, many NGOs partner with more than one state agency at different levels of government and across different localities: those with more state linkages are thus less embedded in a particular relation with a state unit. On the other hand, some NGOs also collaborate with civil society actors, including domestic and foreign NGOs, activists and the media, to obtain resources, expertise and capacity for project implementation. The more civil society linkages an NGO has, the less embedded with the partnering state unit.

With these specifications, I construct a continuum of variation between *strong* and *weak* embeddedness based on the above variables.[436] At one end, *strong embeddedness* occurs when an NGO has strong clientelistic tie with a state agency, which provides it the bulk of its funding, while having weak linkages with other state agencies and civil society actors. At the other end, *weak embeddedness* occurs when an NGO has more networked ties or weak clientelistic ties with a state agency that supports only a small part of its operation, while having multiple formal or informal collaboration with other state agencies and/or strong civil society alliances. Such characterization is essentially different from Hildebrandt's distinction between deep and shallow embeddedness, which describe the personal ties between an NGO leader and a state official and thereby predict the NGO's sustainability. Focusing on organizational ties allows us not only to capture the volatility of state-NGO relations, but also to analyze the extent to which an NGO is absorbed or integrated into the state structure. In this sense, a strongly embedded NGO is expected to depend itself more on the mercy of the partnering state unit and to carry out its work in greater dependency on the latter's agenda.

[436] My usage of strong/weak embeddedness is not exactly the same as Hildebrandt's deep/shallow embeddedness. Hildebrandt's concept of embeddedness analyses the relation of NGO leaders with local state officials. Here, it analyses organizational ties. For Hildebrandt, deep embeddedness means an NGO having a strong tie with a local official, which makes the relationship unstable and easily breakable. Here, strong embeddedness means an NGO has a strong tie with a local state.

Contrary to Lu Yiyi's argument that an NGO's dependence on the state does not necessarily affect its autonomy, I argue that *greater* dependence could erode autonomy. It would be counterintuitive to conceive an NGO totally dependent on the government to be able to set its own agenda autonomously.

8.3 Advocacy-oriented service NGOs

In the following, I use in-depth case studies of three service NGOs to show, first, how service NGOs venture beyond services to engage in policy or rights advocacy – or, in short, pursue "service activism", under different institutional contexts. Second, I investigate how the variation of institutional embeddedness shapes the success of their advocacy tactics. The three cases selected for scrutiny are certainly not representative of the entire field of service NGOs. As I have shown in chapter 7, the vast majority of service NGOs has succumbed to organizational field pressure to behave as compliant service providers. Thus, to a large extent, these service NGOs are the outliers which defy field pressure to engage in service activism. But the reasons why they are more resistant to organizational field pressure can be complicated and vary by case: some are more concerned with rights or policy objectives because they were originally grassroots NGOs before registering as service NGOs, while others do so because of their more progressive leadership or deep transnational linkages.

It is not, however, the intention of this chapter to explain why some service NGOs behave differently. Our focus is rather to examine how they behave differently and explain their advocacy outcomes in terms of their varying degree of embeddedness with partnering local states. In the first case, Co-Innovation is a strongly embedded NGO that advocates for migrant welfare but must do so within an agenda steered by the local state. In the second

case, Qichuang has varying levels of embeddedness with different local states. In contexts where it has an intermediate level of embeddedness, Qichuang has encountered greater success in policy advocacy, as opposed to merely expanding service scope in more strongly embedded contexts. In the third case, Nanfeiyan is a weakly embedded NGO that focuses on sensitive migrant and labour issues, whose advocacy tactics have eventually led to severed ties with partnering state agencies.

8.3.1 Case 1: Co-Innovation

The first case analyses how Co-Innovation, a Foshan-based service NGO, promotes migrant welfare through social services, and how such strategy is both empowered and constrained by its clientelistic ties with the local state. Established as a private non-enterprise unit in 2014, Co-Innovation aims to provide community-based social work services for migrants and help them integrate into urban life. Its founder, Li Jianming, is a social work graduate who saw an opportunity in government procurement of social services to practice his professional training. Funded by Jiayi Community, a neighbourhood in the eastern part of Nanhai's Dali Township, Co-Innovation runs two projects: a Population Cultural Centre (*renkou wenhua zhongxin* 人口文化中心) which provides family planning services for residents, and a mutual-help group (*tongye huzhuhui* 同业互助会) which offers career information and advices for workers.

Both services are targeted at the migrants living or working in the community. In Jiayi Community has a particularly large migrant population, over 80 percent of which are migrants, which is much higher than the Nanhai average of 50 percent. In the past, the local state mostly focused on economic development and did little to address the migrant problem.

But a traffic accident in 2011 opened a window of opportunity. A two-year-old girl known as little Yue Yue, whose parents are migrant workers from Hunan, was run over by two vehicles near a trade centre in the neighbourhood. She was ignored by passers-by until finally discovered and sent to the hospital, where she died days later. The camera recording of the incident went viral on the Internet and drew wide attention to the plight of migrants in the area. Vowing to improve migrants' livelihood, Dali's township government initiated its first migrant-oriented project in 2013 to provide childcare services for migrant families, run by the local Women's Federation. In 2014, a second project was initiated and granted to the newly established Co-Innovation.

Co-Innovation is in a way similar to Qichuang in the neighbouring Guicheng Street: both are financed directly by the sub-district level *kuai* government, which is different from the centralized procurement in Guangzhou run by the municipal government. However, one crucial difference must be noted: while Guicheng Street deals with service NGOs through intermediary agencies, which grant them considerable space, Dali Township is more hands-on and clientelistic in managing NGO collaborations, as described in chapter 6. Such configuration was reflected by Co-Innovation's close interaction with the local state. As Li explained,

> "Local officials know that we are an NGO and seldom order us what to do. But the fact that they fund us makes them want our work to complement their goals. They see us as part of the government that serves state objectives. But still, they constantly seek our input because we are closer to the ground (*jiediqi* 接地气) and understand better what migrants need."[437]

Li meets with township or residents' committee officials at least twice a week and occasionally joins their meetings to offer advices. Some local state agencies even directly solicited his help to meet their own administrative tasks. One example was the Health and Family Planning Commission, which asked if Li could draft a policy proposal for them to

[437] Interview with NGO leader (no. 55), Nanhai, May 28, 2015.

submit to their municipal seniors. While such requests are extra to the service contract, Li seldom refused, not just because they are hard to turn down but also because it could be a way to gain government trust and make policy contribution. Li remarked that sometimes he could not tell if he needs the government more or the other way round: "During festivals, people often buy gifts for government officials if they have business relationships with them, but we don't need to. When I go to dinners with government officials, I seldom pay."[438] While its relationship with the township remains clientelistic, it certainly has a strong symbiotic element.

Such high level of government trust has enabled Co-Innovation to expand its migrant-oriented service portfolio. In 2014, it obtained funding from the District Social Affairs Committee (SAC) to initiate a sex education project for migrant children, which intends to raise understanding and awareness about child sexual abuse. In the following year, Li pitched a community development (*shequ yingzao* 社区营造) project aiming to increase migrants' participation in community affairs and foster their sense of belonging. The project again obtained funding from the SAC, partly because it coincided with a new government directive to improve community safety. Both projects were granted through the district's Social Policy Competition, an initiative started in 2013 to provide an institutionalized channel for government units and NGOs to make policy suggestions to the government. While Li said that some had criticized the initiative as merely a branding project (*xingxiang gongcheng* 形象工程), he argued that at least it provides a channel to make policy recommendations and obtain resources.

[438] Interview with NGO leader (no. 67), Nanhai, November 23, 2015.

The broadening of service scope is in itself a breakthrough. After all, although providing services for migrants does not directly threaten social stability, it is possible that migrants could, through services, learn about their rights, build solidarity and make claims on the government. In other words, the government always has long-term stability concerns. To mitigate government's anxiety, Co-Innovation carefully chose a public health approach in most of its migrant services, a strategy adopted by many HIV/AIDS NGOs in China to avoid repression.[439] But despite this depoliticized strategy, Li reasoned that service provision is not his ultimate goal, but merely a means to achieve policy changes for migrants or at least to influence the government's working style. The strategy is not so much as to advocate for policy changes directly or explicitly, but rather to produce case studies or mechanisms for the government to materialize into policies, a process through which officials can be closely engaged and claim credit for the achievements. For example, when implementing the sex education project, Co-Innovation first used a survey to convince officials that there is large demand for children sex education in the community. It recruited a team of around twenty residents to serve as volunteer instructors, using illustrated books and storytelling as teaching methods. This innovative approach attracted extensive media coverage. As the seed funding dried up, the township's Family Planning authorities, who saw the project as an opportunity to diversify its policy portfolio (given the declining importance of birth planning policies), injected funding and expanded it from a community-level to the entire township. Although this falls short of creating a permanent mechanism to tackle child sexual abuses, Li regarded it a hard-won success that bridged service with policy-making.

Nevertheless, the strong embeddedness that allows Co-Innovation to make policy impact on the township government has also become a source of constraint. First, whether services or policy advocacy, the NGO's work must complement local state objectives and follow the

[439] Hildebrandt, *Social Organizations and the Authoritarian State in China*, 14.

agenda and boundaries set by the township government. For instance, it is clear that the migrant problem can be tackled through a public health approach, but not a human rights one. Second, it is difficult to expand the NGO's geographical reach to other townships or regions, because township officials already consider the organization as "its own people" (*zijiren* 自己人). Venturing out will be seen as an act of betrayal which could debilitate government trust, but the inability to do so will undermine the NGO's ability to expand its influence and build linkages with the broader civil society. Even though Co-Innovation strives to diversify its funding sources from different government levels or agencies, such as the district government, to avoid over-dependence on the township, these resources are typically granted on an *ad hoc* basis, which means that the NGO must eventually fall back on the township.

8.3.2 Case 2: Qichuang Social Service

The second case examines how Qichuang pursues service activism under a more favourable context. Qichuang (literally means initiate and innovate) was established in 2008 as a service NGO that mainly focused on youth social work but later expanded into other service areas. Its founder, Agnes Law, is a professor of social work at Guangzhou's Sun Yat-sen University (SYSU) who founded the school's first social work research centre. In 2007, after the national Communist Youth League (CYL) selected Guangzhou as an experimental point (*shidian* 试点) for youth social work, the local CYL branch partnered with the Haizhu district government, inviting Law to consider setting up an NGO to collaborate with them. Originally a social worker from Hong Kong, Law sensed that the opening-up of China's social work sector would provide ample opportunities to transfer civil society knowledge and practices from the liberal city. By teaming up with several experienced Hong Kong social workers and recruiting the first batch of social work graduates, Law started Qichuang and took up a CYL

project called Youth Zone (*qingnian didai* 青年地帶), launching youth development and counselling services in three Haizhu street neighbourhoods, including two schools. The positive results prompted the Haizhu government to expand the project to all of its 18 street neighbourhoods in 2012, with a generous three-year funding of 16.5 million RMB, which was dubbed by the media as the "most expensive" social work project.[440]

Having gained government trust and support, Qichuang was able to venture into more sensitive service fields. Beginning in 2011, Qichuang partnered with the Civic Affairs Bureau and the anti-narcotic division of the Haizhu Public Security Bureau (PSB) to provide community-based drug prevention and rehabilitation services. Drug problems are sensitive issues in China. Although they are less probable in threatening social stability, drug problems could bring embarrassment for local governments and are often barred from media coverage or NGO intervention. Besides, drug addicts are regarded as a "targeted population" (*zhongdian renkou* 重点人口), the control of which belongs exclusively to state agencies. For Qichuang, the project was deemed as a breakthrough for service NGOs to address sensitive issues. In 2012, Qichuang launched a project to service migrant children, with funding from the local CYL and World Vision, an international NGO. Using a service centre located in a migrant enclave near a textile trading hub, the project, known as "Little Wild Geese" (*xiaoyanzi* 小雁子), offers care and leisurely activities for migrant children and their parents and intends to cultivate their sense of belonging to the community and the city. With growing reputation, Qichuang branched out geographically. In late 2010, Guicheng Street, a sub-district in Nanhai of neighbouring Foshan, invited Qichuang to provide community services and serve as an incubator to groom emergent service NGOs. Within a few years' time,

[440] "Quansheng zuigui xiangmu xuyue" [The most expensive social work project in Guangdong province was renewed], *Southern Daily*, August 3, 2015, http://sw.mca.gov.cn/article/mtgz/201508/20150800859003.shtml, accessed September 29, 2016.

Qichuang grew significantly and became one of the most prominent service NGOs in Guangdong. Its staff count increased from only 40 in 2009 to 270 in 2015, with an annual budget growing tenfold from 2.6 to 25.4 million RMB.

While Qichuang's expanding reach in different service areas is partly a result of increasing willingness among local governments to engage with NGOs, my interviewees at Qichuang also attributed it to their endeavour in cultivating good relationships with local governments while negotiating their boundaries. Like its cohorts, Qichuang put much effort in gaining government trust. On the one hand, it pledges loyalty to the state by proactively setting up a Party cell and a Communist Youth League branch quickly after the NGO was founded. On the other hand, it focuses on promoting its professional and academic image as well as its connections to the Hong Kong social work community. Given its partnership with SYSU's social work research centre and Law's academic background, Qichuang actively combines service delivery with research, publishing 10 books and over 50 articles on social work methods and experiences from 2008 to 2015. This academia-based approach, also popular among other university-affiliated service NGOs, goes beyond service delivery to offer professional advices for governance improvement, which helps to increase the NGO's status and bargaining power vis-à-vis the state. As Law explained, "research differentiates us from a typical service NGOs; providing expert opinion on an area where the government is concerned gives us an edge over others."[441]

While having a good reputation and being a credible partner increases bargaining power, it does not guarantee more socially productive collaboration. To venture into new issue areas or engage in policy advocacy, a key strategy is to actively involve government officials in the

[441] Interview with NGO leader (no. 72), Hong Kong, March 18, 2016.

process while negotiating the permissible boundaries. Former director-general Bill Liao described his engagement strategy when he was still in Qichuang:

> "If we want to advocate for a policy, the first step is not to make a public statement about it, but to engage the government behind the doors and let them know your plans. And if they agree with it, then work on it together. In China, the government prefers plans – perhaps a legacy of planned economy. You cannot let them suspect that you have your own agenda. Our strategy is to build up a negotiation mechanism to involve the government in the advocacy process. During the process, we frame things in their language and within their rules of game. If we use a 'civil society approach' to antagonize the government, it will 'butt heads' (*yingpengying* 硬拼硬). Our approach is reformist. We move their position a little, and they move ours too. Perhaps except those with foreign funding, there are no inherently sensitive issues — only how you frame them. "[442]

In fact, this reformist, non-antagonizing approach is shared among many grassroots NGO leaders who believe that repression is avoidable if NGOs make smart decisions and avert conflicts with the state.[443] During our interview, although Liao expressed sympathy for several grassroots NGOs which recently suffered from state repression, he emphasized that their leaders could have "worked better with the government". For Liao, thanks to the engagement strategy, Qichuang not only managed to minimize government interference or repression, but also was regularly consulted when government agencies make policy proposals or introduce new laws. For example, when the minimum living allowance (*dibao* 低保) policy was reviewed in Guangzhou, Liao recalled that the municipal Civil Affairs Bureau asked Qichuang to give policy suggestions. The same also occurred in Nanhai where the district government often solicited Qichuang's advice on issues about social policy.

A second strategy for Qichuang to negotiate political space is to exploit the dynamics between different government stakeholders. As many scholars have noted, China's fragmented authoritarian structure, manifested through the discrepancy between central policy-making and local implementation and the institutional cleavages between different

[442] Interview with NGO staff (no. 71), Hong Kong, March 5, 2016.
[443] Hildebrandt, *Social Organizations and the Authoritarian State in China*, 56-58.

bureaucratic units, provides space for social groups to act as policy entrepreneurs and influence government policy.[444] As Liao explained:

> "Local government units often have different interests but lack communication. As such, NGOs can make use of the dynamics and hedge them against each other. That is why when we work with the government, we try to involve more than one government agency."[445]

Liao described it as maintaining a "triangular relationship" (*sanjiao guanxi* 三角关系). The logic might at first be counterintuitive because having more government stakeholders in state-NGO collaborations could imply greater oversight and control. But for Qichuang, it could engender more "breathing space". For example, when a Guangzhou street government charged Qichuang excessive rent for the service venue, Qichuang presented the policy documents issued by the municipal authorities to the street officials, which was against the use of the procurement funding on rental cost, telling them that breaching the policy could result in the street government being named and criticized (*dianming piping* 点名批评) by the authorities above. Liao also gave the example of Qichuang's drug rehabilitation project, arguing that the involvement of the Civil Affairs Bureau was necessary in checking against the Public Security authorities, as the latter often interfered with the project by, for instance, asking Qichuang to reveal client information with which police could use.

A third strategy is to avoid over-reliance on government funding, a strategy rarely seen among other service NGOs. In most of its collaborations with local governments, Qichuang set a ceiling for government funding at around 80 percent, with the rest to be self-financed through fundraising and product sales. Initially, some senior staff at Qichuang objected to the idea because it would reduce government funding and increase the organization's financial burden, but Liao insisted and convinced his colleagues: "I felt rather strongly about the need to develop an ability to raise our own funds. It can earn us not only more respect from the

[444] Mertha, "'Fragmented Authoritarianism 2.0'."
[445] Interview with NGO staff (no. 71), Hong Kong, March 5, 2016.

government, but also greater independence and bargaining power." To show its resolve, Qichuang even put the ceiling as a clause in the contractual agreements signed with the government. When I asked why Qichuang does not self-finance more of its budget if it has the ability to do so, Liao reasoned that too much of it would, as the Chinese saying goes, "make the king feel uneasy" (*gonggao gaizhu* 功高盖主).[446] A glance at its annual reports confirms the effort of self-financing: between 2008 and 2015, 20 percent of its overall budget is financed from non-government sources, including charity foundations and private donations.[447]

The case of Qichuang is useful for observing how local state variations affect its collaborative outcomes with governments. In Guangzhou, its Youth Zone collaboration with the CYL achieved rather positive results. A young local CYL official told me that Qichuang's social work approach has injected new thinking and methods into the government's youth work. It has allowed the CYL to strengthen its social service capabilities, revamping its previously top-down, bureaucratic approach, such as by assigning quotas for schools to force students to participate, into a more organic approach that attracts young people to participate voluntarily.[448] Its success was shown not only by a three-year contract renewal in 2015, but also by the fact that the CYL began to emulate Qichuang's model and initiate youth services in other Guangzhou districts through its own NGO vehicle, known as "Youth Palace" (*qinggong* 青宫), which was established with a GONGO model.[449] Yet, despite gaining government trust and being occasionally consulted for advices, Qichuang's role in policy advocacy in Guangzhou remained weak and passive. Both Law and Liao argued that "politics

[446] Interview with NGO staff (no. 71), Hong Kong, March 5, 2016.
[447] Annual reports of Qichuang Social Service, available at http://www.qichuang.org/zh-cn/page/annual-report?total=6, accessed September 29, 2016.
[448] Interview with NGO staff (no. 37), Guangzhou, January 19, 2015.
[449] Hasmath and Hsu also described the practices among GONGO to emulate or steal ideas and programs from successful NGO models. See Hasmath and Hsu, "Isomorphic Pressures, Epistemic Communities and State-NGO Collaboration in China," 943.

of a provincial capital is hard to change", and that being able to provide services in these issue areas should be considered a significant progress. However, the outcome of these clientelistic collaborations remains highly dependent on the partnering government agencies. The drug rehabilitation project provides an illustrative example. After the first year of implementation, the Civil Affairs Bureau withdrew from the project because it could no longer provide funding for the project. Qichuang was left to collaborate directly with the PSB. Without a government agency for check and balance, the PSB started to become more intrusive and even called off evaluation to remove any third-party scrutiny. Suspecting that its work has trampled upon entrenched interests, Qichuang finally decided to end the project even though it has lowered drug addiction in the district.

In Nanhai, Qichuang has attained more success in policy advocacy because the local government has ceded more space to the NGO to participate in the policy process. In its partnership with Guicheng Street, which employs a developmental model as I have shown in Chapter 6, Qichuang provides incubation services for emergent service NGOs. This role enables it to become an intermediary between the local government and other NGOs, giving it more leverage to make policy recommendation with regards to social service development. One example was the introduction of clinical social work, the first of its kind in China, which founder Agnes Law described as her first successful experience of policy change. Initiated by the street government, the project is intended to be a three-way collaboration with Nanhai's Health and Family Planning Commission (HFPC) and the People's Hospital to introduce clinical social work in the hospital. Initially, the two government agencies intended to bring social workers in to solve patient disputes and maintain stability. However, Qichuang rejected this role and argued that social workers must maintain independence. Instead, it proposes to start a Patients' Health Promotion Centre in the hospital. Given its positive

results, the HFPC wanted Qichuang to start clinical social work in six other hospitals, but it rejected because they did not have enough manpower. Instead, they suggested developing an industry standard for clinical social work, the first of its kind in the country, which includes personnel requirement, salary level, workspace design and service scope. Although it was the government that initiated the policy, it was an NGO that drove the process largely without government intervention.

8.3.3 Case 3: Nanfeiyan Social Work

The third case examines how Nanfeiyan, a labour-oriented service NGO, used services to promote labour and migrant rights but gradually faced state repression. Its predecessor was first established in 2007 as an unregistered labour NGO with a focus on helping injured workers. The founder, He Xiaobo, is a former migrant worker from Henan Province, who worked in Foshan and lost three fingers in an industrial accident. He received assistance from Dagongzu, an established Panyu-based labour NGO, to seek compensation from the factory. In the following year, He volunteered with Dagongzu and decided to set up his own NGO in Foshan, naming it "Rights Defence Workshop for the Injured", to help migrant workers who experienced his ordeal. In 2012, with government procurement coming to the fore, He, by that time already a renowned labour activist, registered his organization as a private non-enterprise unit, which gave the group more stability and an official status to seek government funding. To an extent, He had no choice but to seek registration. Formal registration was needed because in early 2012 the NGO, while still unregistered, received a small grant from Guicheng Street to run a service centre in a migrant enclave, providing after-school care for migrant children and leisurely activities for their parents. With registration finally granted in

August, the NGO was renamed as Nanfeiyan, or literally "wild geese flying southward", to symbolize migrants who have travelled a long way from home.

Despite gaining a formal status, Nanfeiyan encountered difficulties in obtaining larger funding from local governments, partly because its grassroots background raised suspicion from local officials and partly because it lacks the professional image as presented by other service NGOs. After failing several bids for government projects, the NGO was finally able to get funding from the Foshan Civil Affairs Bureau — first in 2013 to run the city's "aid stations" (*jiuzhuzhan* 救助站), or shelters for homeless people, and then in 2014 for visiting injured workers in hospitals.[450] The funding amount for both projects remained small (100,000 RMB and 50,000 RMB respectively), but He saw this as a "leap of faith" for the government to sponsor grassroots NGOs, albeit a cautious one to test waters. As government funding was barely enough to support its operations, Nanfeiyan depends another half of its budget on non-governmental sources, partly from domestic charity foundations such as Harmony Foundation, a Guangzhou-based charity fund attached to SYSU, and Narada Foundation, founded by the prominent philanthropist Xu Yongguang. And like many grassroots NGOs in China, it also relies on foreign sponsors, one of which is Oxfam, an international NGO that focuses on poverty alleviation work in China. Meanwhile, unlike other service NGOs, Nanfeiyan actively draws on the broader civil society networks, including activists, journalists and academics, for non-material resources. For example, it forged partnership with a university law faculty which sent volunteers to give legal advices to workers. In the summer of 2015, in collaboration with another Panyu-based grassroots NGO

[450] "Gongshang tanfang youle zhengfu butie" [Work injury is now subsidized by the government], *Southern Metropolis Daily*, May 21, 2104, http://epaper.oeeee.com/epaper/K/html/2014-05/21/content_3237738.htm?div=-1, accessed September 29, 2016.

and with the help of several civil society activists, it organized a three-day summer camp for university students who were interested in NGO work.[451]

This provided Nanfeiyan not only the legal cover but also the resources and platform to venture beyond services, engaging in policy and rights advocacy as a typical grassroots NGO. One key focus of its advocacy work is the migrants' "rights to the city". As a migrant, He experienced what every other migrant worker had faced: his wife was denied maternity insurance when she was pregnant, and his daughter could not be enrolled in local public schools — both because they lack a local *hukou*, or household registration. Nanfeiyan began to address the issue of migrant rights through two ways. First, it ran the service centre in Guicheng effectively as a worker community centre[452], recruiting migrant volunteers and organizing talks to raise migrants' awareness on their predicaments in schooling and social security. Second, it conducted surveys to highlight migrants' deprived livelihood in Foshan. In 2014 alone, three surveys were published, respectively on the living condition of street janitors, migrants' maternity policies, and migrant children's schooling. He Xiaobo considered the second strategy — or what Teets calls the "action research strategy" — as a particularly effective way to set policy agenda and gain media attention, which presses the government to respond.[453]

Another key focus is workers' rights, the issue area that brought the NGO into existence. Nanfeiyan provides legal consultation services for migrant workers, assisting injured workers to claim compensation and others to claim social insurance. In addition to receiving *ad hoc* visits from workers in their office-cum-worker centre, it organizes bi-monthly legal

[451] The author also participated in the summer camp and interviewed some of its speakers and participants.
[452] Chris King-chi Chan, "Community-based Organizations for Migrant Workers' Rights: The Emergence of Labour NGOs in China," *Community Development Journal* 48.1 (2013): 6-22.
[453] Teets, *Civil Society under Authoritarianism*, 146-147.

workshops to teach workers about their rights and entitlements, during which workers share their stories about their unjust experiences at work. He and his volunteers also make regular hospital visits to see injured workers. In addition, in order to raise social awareness, the group has produced several theatre performances to tell stories about work injuries at university campuses. These advocacy tactics are deliberately moderate. Different from its labour NGO cohorts, Nanfeiyan has refrained from organizing strikes or collective bargaining, and also carefully frames its activities. As He explained,

> "We don't frame ourselves as a *weiquan* organization, although that's what we do. We focus on work injuries, but not on organizing strikes, simply because we feel that we have not done it well enough. After all, dealing with work injuries is less sensitive, and besides, it is legal. When we visit factories, we avoid using the term *weiquan*. Instead, we tell the workers that we do 'injury prevention'."[454]

Nanfeiyan's strategy can be characterized by what Diana Fu calls "disguised collective actions", wherein organizations provide coaching for "aggrieved citizens to make individual rights claims without engaging in perilous collective protests".[455] Fu conceptualizes the coaching provided by labour NGOs as a "hidden pedagogical process", a feature also evident in Nanfeiyan's activities. In one legal workshop I attended in February 2015, a volunteer shared her experience of claiming injury compensation: "Don't settle for a private agreement (*siliao* 私了). If you want a just compensation, always take it to the court and fight until the end!"[456] Such strategy has similarly allowed Nanfeiyan to engage in rights bargaining with the local authorities even without collective mobilization. According to its website, from 2007 to 2014, the NGO has provided legal training for over 7,000 people and assisted nearly 10,000 injured workers in claiming legally prescribed compensation.[457]

---

[454] Interview with NGO leader (no.20), Nanhai, December 10, 2014.
[455] Diana Fu, "Disguised Collective Action in China," *Comparative Political Studies* (2016), accessed September 6, 2016, doi: 10.1177/0010414015626437.
[456] Participant observation at Nanfeiyan's legal consultation session, Foshan, March 7, 2015.
[457] Data from Nanfeiyan's website, http://www.nfyngo.org/subpages/info/aboutus.aspx, accessed September 29, 2016.

The advocacy-oriented approach, coupled with its diversified funding sources, has differentiated Nanfeiyan from the vast majority of service NGOs, rendering it a poster child rights-oriented NGO which is able to combine policy advocacy with state-sponsored services. Indeed, Nanfeiyan even received government accolades: He, for example, was awarded as a "Top Ten Social Worker" by the Foshan municipal authorities in 2013. The official recognition, added to its legal status, allowed the NGO to stay intact from state repression, although it does not mean that the group was entirely free from government scrutiny. Given the NGO's involvement in a sensitive issue area, the Public Security Bureau tightly monitored the group and occasionally invited He to tea.[458] But the frequency of contact increased after the first draft of the Foreign NGO Management Law was circulated in late 2014, since a sizeable part of its funding comes from Hong Kong-based Oxfam, which was allegedly blacklisted by the security authorities.

Although He believed that the NGO could remain intact as long as they refrain from collective actions, its relationship with the government gradually turned sour. Lacking a stable partnering local *kuai* government to serve as its supervising patron, as in the case of Qichuang and Co-Innovation, Nanfeiyan gains more independence but does not enjoy the same level of resources and protection that comes with a local government partnership. Instead, the lack of official protection puts it under the direct behest of the municipal Civil Affairs authorities. A turning point occurred in late 2014 when its advocacy strategy came into clash with Civil Affairs bureaucrats. Its survey on migrants' schooling problem, which exposed local policy loopholes, became an embarrassment for local officials.[459] The press conference, which was scheduled to be held in the Civil Affairs Bureau, was forced to change venue. Officials also barred Nanfeiyan's staff to attend the event and ordered local media not

[458] Interview with NGO leader (no.20), Nanhai, December 10, 2014.
[459] Ibid.

to report on the findings. Another incident further aggravated their ties. Partnering with *Southern Metropolis Daily*, the NGO planned to host a photo exhibition on May Day to show photographs of injured workers, but the event was called off by the authorities at the last minute. The repercussions were epitomized by its annual registration review by the Civil Affairs Bureau: Nanfeiyan was only given a "basic pass" (*jiben hege* 基本合格) because its work had "exceeded the licensed service scope."[460] If another "basic pass" were given in the consecutive year, its license would be revoked.

The situation further deteriorated in the second half of 2015 along with a nationwide civil society crackdown. As its sister organization, the Panyu-based Sunflower Women Workers' Centre, was closed down by the authorities, Nanfeiyan saw increasing signs of repression. Not only was it denied a lease renewal for its Foshan office, its service stations were also forced to shut down one after the other. Meanwhile, a small funding granted by the municipal Civil Affairs Bureau was suddenly rescinded on administrative grounds. Civil Affairs officials also requested for their accounting books to be re-audited to look for irregularities. By late 2015, despite its official status, the NGO was effectively forced to operate underground. In that December, He was arrested on the charge of embezzlement, along with the founder of Dagongzu and three labour activists who had volunteered at Dagongzu.

While the arrests pointed to a coordinated repression against a presumed network of labour activism, which was consistent with the nationwide crackdown on civil society, Nanfeiyan's falling out with the local authorities largely epitomized the fate of service NGOs with a rights-oriented agenda. It shows that, first, despite official registration and cautious emphasis on a service approach, advocacy for aggrieved groups remains a risky activity in the eyes of

[460] "Foshan weiyi gongshang weiquan NGO xianru kunjing" [The only labour NGO focused on work injury rights defence is under predicament], *Caijing*, September 17, 2015, http://yuanchuang.caijing.com.cn/2015/0917/3970100.shtml, accessed September 29, 2016.

local authorities, subject to shifting political winds. Anthony Spires' concept of "contingent symbiosis", which conceptualizes how local officials tolerate grassroots, illegal NGOs if they complement state goals but always retain an option in repressing them, clearly extends to lawfully registered NGOs.[461] Second, even injected with local state funding, service NGOs are not necessarily safe from government scrutiny or repression, the chances of which could become much higher if they lack a local state serving as its patron, which offers them protection. In short, the content of services offered by NGOs matters — not just how they are framed — and so does the institutional context in which they operate.

8.4 Conclusion

In this chapter, I have shown that despite the isomorphic pressures that tend to mould service NGOs into compliant service providers, some service NGOs, empowered by their organizational background and leadership, have defied such pressure and engaged in policy or rights advocacy by blending it with service provision. As demonstrated by the three case studies, institutional embeddedness in respective local state structures has facilitated these service NGOs to engage in advocacy work in two major ways. First, it provides service NGOs with legitimacy and resources to set foot on sensitive issue areas, such as workers and migrants, as well as the organizational platforms to reach marginalized groups, such as drug addicts, access of which were previously restricted to state agencies. These formal linkages not only have increased government trust on NGOs by making the latter more transparent and predictable, but have also made the symbiosis between NGOs and local states more institutionalized, less contingent upon interpersonal connections between NGO leaders and officials or the will of individual officials, and hence less vulnerable to negative state

[461] Spires, "Contingent Symbiosis and Civil Society in an Authoritarian State."

responses. Second, it offers an institutional channel for service NGOs to influence local policy-making. Through their collaboration with local states, service NGOs can make use of their professional expertise and service experiences to input policy ideas, ranging from offering new services to social groups to making actual policy changes. Although some of the policy recommendations could be ignored or blocked by the local states, others could be materialized and lead to improvements in local governance. In other words, rather than simply reducing service NGOs to government appendages, institutional embeddedness within local states could make NGO advocacy possible.

Sheer embeddedness does not guarantee successful advocacy, however. Once we raise the threshold for the meaning of success, seeing it as not only the possibility to engage in advocacy work but also the ability to conduct advocacy more autonomously and bring it to fruition, then we can observe how an NGO's success vary upon the degree of institutional embeddedness within its partnering local state. In this chapter, I have identified three indicators to measure embeddedness: 1) local state involvement, 2) financial support and 3) NGO's external linkages. Stronger embeddedness does not necessarily lead to more successful advocacy. As shown by the case of Co-Innovation, even though being being strongly embedded within the local state has allowed it to address migrant issues and make certain policy contributions, the clientelistic ties have, to a large extent, integrated it into the local state apparatus, making it necessary to fuse its advocacy tactics with, or express them through, an agenda set by the government. On the other hand, weaker embeddedness, as demonstrated by Nanfeiyan, creates space for more progressive advocacy tactics and yet provides less protection, rendering NGOs more conducive to negative state responses. Successful advocacy thus requires a more delicate level of embeddedness. As Qichuang's Nanhai operation illustrates, a more moderate degree of embeddedness has enabled it to

closely engage with the local state to materialize its advocacy work on the one hand, while keeping an arm's-length distance from the local state on the other, which allows it to pursue a more autonomous advocacy agenda and resist government will when necessary.

The case of Nanfeiyan further illustrates that the nature of advocacy tactics is also relevant for determining their success. As its work demonstrates, the distinction between service and advocacy is both thin and blurred. Although the NGO had carefully navigated the permissible space between the tolerated and forbidden (for example by refraining from collective bargaining), its eventual crackdown suggests two things. First, Spires' framework of contingent symbiosis extends to legally registered NGOs, whose destiny is ultimately contingent upon how local officials interpret the boundary of the permissible, especially in more sensitive issue areas, which could change according to their political and economic calculations or even wider political trends. Second, the crackdown against Nanfeiyan, despite its careful navigation, shows that the space for service activism is shrinking. This implication poses a challenge to the model of "graduated control", which predicts that NGOs involved in both service and advocacy could enjoy more breathing space and are less subject to the level of repression as experienced by NGOs operating on political, religious or ethnic issues.[462] If the case of Nanfeiyan is not just an isolated incident but more of a reflection of the government shifting towards a friend-or-foe approach for NGOs, this can more permanently wipe out the grey area for embedded activism.

The above shows that Hasmath and Hsu's argument that local states play a significant role in determining the success of the NGOs could be an oversimplified assessment. No doubt, local states provide NGOs with resources, legitimacy and protection, which NGOs in turn exploit

[462] Fengshi Wu and Kin-man Chan, "Graduated Control and Beyond: The Evolving Government-NGO Relations", *China Perspectives*, vol. 3, 2012, pp. 9-17.

for engaging in advocacy — in this sense, their role is indeed crucial. However, given the fact that the *degree* of institutional embeddedness could influence NGO success, interdependence alone is not enough. It requires a nuanced role of the local states in shaping the right institutional environment for NGOs. Even though institutional embeddedness, as I have argued, results from the constant negotiation between local states and NGOs, given the power asymmetry it is often the state which is more powerful in determining the terms and structure of collaboration with NGOs by choosing the mode of involvement (clientelistic vs. networked) and the size of funding. Indeed, NGOs can reduce embeddedness by avoiding total financial reliance or by forging external government or civil society ties, but ultimately the local states, as the institutional and financial patron that bring them into formal collaboration, control the bulk of the bargaining power in shaping their ties. This means the success of NGOs, whether in terms of their organizational survival or their ability to engage advocacy, depends on whether local states and their officials can design a more favourable institutional environment, where officials can limit their interference and allow more social actors to get involved. On the contrary, if local states decide to tighten their grip, then the ability for NGOs to pursue more meaningful social outcomes can be significantly compressed.

Chapter 9 Conclusion

Since the end of the Cold War, the term "civil society" has gained global prominence for its role in promoting democracy. Drawing on numerous democratic transitions from communist states in Eastern and Central Europe to authoritarian regimes in Asia and Latin America – what Samuel Huntington calls the Third Wave of democratization[463], many political scientists, along with political leaders, activists and developmental agencies in the Western world, have credited civil society for playing an indispensable part in this monumental process. Civil society is seen as a crucial element in spreading democratic values and ideas, organizing the mass rallies and protests that ousted authoritarian incumbents, and consolidating the ensuing political orders. Others have looked beyond these dramatic junctures and focused on the mundane expression of civil society in everyday life. Through empirical studies, they extol the role of civil society in fostering civic participation and producing social capital — manifested by the creation of norms, networks and social trust — that are necessary for enhancing democratic performance. Either way, a strong causal connection is drawn between civil society and democracy. Until very much today, the term is upheld as a normative ideal, an agent of democratization, and an essential constituent of democratic governance.

However, this buoyant and to an extent teleological view of civil society soon fell under challenge. As the anticipated triumph of liberal democracy gradually diminished in light of the resilience of authoritarian regimes and the emergence of "democracy with adjectives"[464], critics have urged caution over the role of civil society in fostering democracy. Bringing

[463] Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: University of Oklahoma Press, 1993).
[464] David Collier and Steven Levitsky, "Democracy with Adjectives: Conceptual Innovation in Comparative Research," *World Politics* 49.3 (1997): 430-451.

together historical and contemporary evidence, they suggest that civil society does not necessarily facilitate democracy or give rise to democratization; instead, it can coexist with authoritarian regimes and sometimes even buttress their rule. In many authoritarian contexts, although the state tolerates and sometimes legally permits the existence of civil society organizations to complement state roles, it simultaneously imposes tight control on them, rendering them too weak to challenge the authoritarian incumbents.[465] Meanwhile, civil society organizations can be constrained by their own internal weaknesses, not only because of their feeble organizational strength but also due to the inter-organizational fractions and cleavages that allow authoritarian incumbents to exploit and therefore contain challenges.[466]

Some authoritarian or semi-authoritarian regimes even openly embrace civil society organizations to bolster regime legitimacy and support. For example, in countries such as Russia, Turkey or Malaysia, the state has actively cultivated civic groups to mobilize pro-regime supporters and organize counter-movements against its political opposition.[467] Even in democratic contexts, civil society could play a role in facilitating the rise of authoritarian politics. Sheri Berman argues that vibrant associational life in the Weimar Republic created ready-made civic groups, which shifted allegiance to the nationalist and populist Nazi Party when existing political institutions were too weak to represent their interests.[468] In other words, a dense civil society, rather than ensuring democratic stability, could facilitate the organizational diffusion and ascendance of authoritarian parties. Contemporary politics lend further support to the trend: in some established democracies, civic groups have evolved into lobbying organizations which skew policy outcomes in favour of the rich and powerful,

[465] See Alagappa, *Civil Society and Political Change in Asia*; Francesco Cavatorta, ed., *Civil Society Activism under Authoritarian Rule: A Comparative Perspective* (Abingdon: Routledge, 2012).
[466] Aspinall, "Transformation of Civil Society and Democratic Breakthrough"; Meredith L. Weiss, *Protest and Possibilities: Civil Society and Coalitions for Political Change in Malaysia* (Stanford, CA: Stanford University Press, 2006).
[467] Graeme B. Robertson, *The Politics of Protest in Hybrid Regimes: Managing Dissent in Post-Communist Russia* (Cambridge: Cambridge University Press, 2010).
[468] Berman, "Civil Society and the Collapse of the Weimar Republic."

leading to what observers call "demosclerosis"[469]; meanwhile, other groups have preached anti-democratic objectives, drumming up nationalist and populist sentiments to garner public support.[470] Suffice to say, the relation of civil society to democracy is more contingent that was previously construed. Once detached from its normative presumption, civil society as a concept, to borrow the Weberian notion, will become "disenchanted".[471] Rather than the antithesis of authoritarian rule, the concept should be understood more neutrally as an associational terrain that can either weaken or support authoritarianism.

9.1 The case of China

Contemporary China opens a revealing window for understanding how civil society survives and evolves under an authoritarian environment, given that these conflicting manifestations of civil society appeared at one point or another. In the 1980s when China embarked on market reforms, analysts saw the vibrant associational activities in the cultural and intellectual realm as indications of an emergent civil society, which would bring about democratization along with the Party-state's embrace of market economy.[472] Although the brutal crackdown of the Tiananmen student movement in 1989 quelled hopes for an imminent transition, the expectation for China to gradually democratize survived, especially as continuing reforms in the 1990s led to the upsurge of NGOs also known as China's "associational revolution".[473]

[469] Jonathan Rauch, *Demosclerosis: The Silent Killer of American Government* (New York, NY: Random House, 1994).
[470] Matt Golder, "Far Right Parties in Europe," *Annual Review of Political Science* 19 (2016): 477-497; Kathleen M. Blee, "Ethnographies of the Far Right," *Journal of Contemporary Ethnography* 36.2 (2007): 119-128.
[471] Max Weber, "Science as a Vocation," *Daedalus* 87.1 (1958): 111-134.
[472] Merle Goldman, *Sowing the Seeds of Democracy in China: Political Reform in the Deng Xiaoping Era* (Cambridge, MA: Harvard University Press, 1994).
[473] Wang and He, "Associational Revolution in China."

However, as the Party-state's rule appeared increasingly resilient contrary to prior expectations, analysts began to question the civil society framework and shifted attention to the regulatory and coercive measures that the Party-state imposes on NGOs. Analytical frameworks based on variants of corporatism gained salience, shaping an increasingly prevailing view that civil society can be subdued under authoritarian rule and continue to exist within it without necessarily challenging its supremacy. Although NGOs can, to an extent, increase pluralisation in policy-making, address marginalized interests and check on the excessive use of state power[474], they remain tightly constrained by the corporatist arrangements and could be promptly repressed by the state if they were perceived to threaten its monopoly of power[475]. The Party-state's growing competency in managing the civil society further bolstered its confidence to embrace NGOs more openly, as opposed to merely tolerating their existence or working with them on an *ad hoc* basis. Into the 2000s, under the call for social governance, local states across China began to forge formal collaborations with service NGOs, while encouraging their growth through relaxed regulations and generous financial support. Although NGOs with political objectives or those involved in sensitive issue areas remain marginalized, service NGOs are increasingly seen as partners of the Party-state, and their involvement regarded as essential to addressing social needs and improving governance. Once anathema to the Chinese state, civil society, when rightly placed under the guidance of the Party-state, is now considered complementary to authoritarian rule.

The fading optimism over the role of civil society in China's democratic prospects not only reflects the country's changing political trajectory, but also affirms the complexity and multifaceted nature of civil society as an analytical concept, while attesting to its contingent relation to democracy. Given the fact that civil society can exist within authoritarian regimes

[474] Mertha, "'Fragmented Authoritarianism 2.0'."
[475] Gallagher, "The Limits of Civil Society in a Late Leninist State"; Hsu and Hasmath, "The Local Corporatist State and NGO Relations in China."

without bringing about their collapse, a key question to ask is what kind of political changes will ensue when authoritarian incumbents not only tolerate civil society but also begin to engage with it more actively. What are the mechanisms that allow authoritarian regimes to empower civil society organizations towards carrying out state goals while keeping them in line? In what ways does the embrace of civil society help authoritarian incumbents bolster their rule?

This thesis is dedicated to answering these questions by putting the focus on China and the growing collaborations between local states and NGOs since the late 2000s. My inquiry is divided into three parts. The first part examines the political origin and rationale of "social governance" as a central government policy, and explains why community-based NGOs perform a crucial role in its implementation. The second part focuses on two localities in Guangdong Province — Guangzhou and Nanhai. It explains why local states have adopted different institutional arrangements to forge collaboration with NGOs, and also explores how they lead to different modes of involvement and patterns of interaction with their respective NGO partners. The third part shifts the focus from local states to NGOs, analysing how service NGOs tend to behave compliantly with the state to focus on service delivery while a small number of them have maintained their advocacy functions and engaged in what I call "service activism". In the following, I will first review the main arguments of each chapter, after which I will discuss their theoretical significance to the relation between civil society and authoritarianism.

9.3 Chapter summary

Following a discussion on the research method and data selection in Chapter 2, I begin my inquiry in Chapter 3 by exploring how China has embarked on its own trajectory of political reform instead of embracing Western-style democratization. This self-styled reform takes place not through the liberalization of political power, but through a continual process of incorporating new social groups into the Party-state's apparatus to strengthen public participation in the governance process, without relinquishing single-party rule. Articulated under the contested framework of "social governance", it aims to increase government collaboration with social organizations in order to address diversifying social needs and improve the governance capacity of the Party-state. In the process, community-based service NGOs have become a key vehicle for local implementation, shouldering the responsibility to increase social service provision in residential neighbourhoods and reduce welfare burden on local governments. Despite the rhetoric of "small state, big society", I argue that social governance does not necessarily entail the retreat of the state, but rather unfolds a process of power reconfiguration between state and society. While service NGOs enjoy more space in public participation, the state maintains a strong regulatory role by administering laws and regulations, creating collaborative mechanisms, selecting partners, and providing financial support – which all aim to ensure an orderly civil society sector that can be simultaneously empowered and controlled.

Nevertheless, the implementation of social governance is a decentralized and localized process whose outcomes defy easy and uniform characterization. In Chapter 4 and 5, by focusing on local state collaborations with service NGOs in Guangzhou and Nanhai respectively, I show how local states have responded to their respective institutional environments and forged different collaborative arrangements with their NGO partners accordingly. In Guangzhou, due to the lack of incentives at the street governments, the

municipal Civil Affairs Bureau has employed a top-down and centralized procurement program to unfurl service NGOs across all neighbourhoods. It has also relied on the procurement market to screen and select NGO partners, through which they can be disciplined at a distance through regulation and evaluation. In Nanhai, because of greater administrative autonomy, fiscal prowess and various institutional incentives at the street/township governments, NGO procurement has been decentralized at the local level, leading to a more diversified range of NGO services as well as closer state-NGO relationships.

In Chapter 6, to capture the variations of collaborative arrangements, I construct a typology to characterize four distinct modes of involvement employed by local states — regulatory clientelistic, bottom-up developmental and top-down developmental. The typology depends on two factors: first, whether a local territorial state has the incentive to collaborate with NGOs; and second, whether the collaborations are mediated directly by the local states or indirectly through intermediary agents. Local states tend to be *regulatory* when they initiate collaborations with NGOs with incentives trickled down from the *tiao* authority and manage NGO partners directly by lower-level territorial states; but *top-down developmental* if they manage their partners indirectly through intermediary organizations. Meanwhile, local states tend to be *clientelist* when the local territorial states have the incentives to initiate collaboration and choose to directly manage NGO partners; but *bottom-up development* when they choose to mediate partners indirectly through intermediary organizations. These involvement strategies, I argue, result in diverse patterns of state-NGO interactions, which in turn generate different extent of infrastructural power through varying degrees of organizational entwining with social actors.

I shift the perspective from local states to NGOs in Chapter 7, and analyze why service NGOs tend to behave as compliant service providers that focus primarily on service delivery. Rather than the effect of binding government control, I argue that NGOs' compliance is the result of their self-disciplining strategy to compete for public funding in the state-led procurement market. Marketization generates organizational field pressure for NGOs to emphasize their service orientation, frame themselves as professionally, stay close to the Party and cultivate good *guanxi* with local officials. The result is not only greater incentives for service NGOs to shy away from social advocacy, but also malpractices arisen during their collaboration with local states, which undermine the health of the NGO sector.

Nevertheless, not all service NGOs behave like compliant service providers. In Chapter 8, I show how some service NGOs integrate advocacy with service delivery, engaging in what I call "service activism". Rather than explaining why they do so, I examine how they do so by analysing their strategies with which they pursue policy or rights advocacy for marginalized groups. During the process, NGOs' institutional embeddedness, which I refer to the formal organizational ties between local states and NGOs, facilitate their advocacy work by providing government legitimacy and resources and by providing an institutional channel to influence local policy-making. However, the success of advocacy also depends on the degree of institutional embeddedness. Strong embeddedness could erode NGOs' autonomy, whereas weak embeddedness could render NGOs more conducive to negative state responses.

9.4 Adaptive governance

Taken together, these findings could leave us with an impression that increasing state-NGO collaborations have helped to enhance the strength of the Chinese Party-state, adding to the

growing list of literature that points to the conclusion of authoritarian resilience.[476] Indeed, authoritarian resilience offers a convenient and parsimonious framework to interpret almost any political development in China, simply because the Party-state has maintained a firm grip on power until today with no sign of imminent collapse. However, this conclusion might be too far-fetched, given the evidence I have presented. No doubt, in tangible terms, collaborations have increased the amount, variety and quality of social services enjoyed by average citizens and marginalized groups that are previously neglected. But their impact on citizens is hard to measure, not only because there are no relevant indicators but also because services are of a preventive nature whose impact is not visible. It is difficult to know, for example, whether the services rightly target citizens' needs and to what extent their satisfaction, if any, is attributable to strengthening the Party-state. Moreover, despite the rapid diffusion of state-NGO collaborations, their geographical coverage remains limited given the enormous size of China. Thus far, these services are mostly confined to urban areas in major provinces. More crucially, these collaborations sometimes produce undesirable outcomes. For example, as I show in Chapter 4, community service centres in Guangzhou are constrained by top-down and standardized project implementation as well as risk-averse local governments. In Chapter 7, I suggest that some forms of NGO procurement create rent-seeking opportunities for local officials to ask for kickbacks. These adverse outcomes, by all measure, are most likely to weaken rather than strengthen authoritarian resilience.

Hence, rather than jumping to the conclusion of authoritarian resilience, it is more reasonable to argue that state-NGO collaborations have fostered the *adaptive governance* of the Chinese Party-state. Although some existing works have a tendency to conflate regime resilience and

[476] Andrew J. Nathan, "Authoritarian Resilience," *Journal of Democracy* 14.1 (2003): 6-17.

adaptability[477], their conceptual difference is important for the sake of interpreting my findings. Heilmann and Perry have made a useful distinction between the two concepts. Drawing from socio-ecological theories, they define resilience as the "capacity of a system to experience and absorb shocks and disturbances 'while retaining essentially the same function, structure, feedbacks, and therefore identity'," and adaptability as "'the capacity of actors in a system to further resilience' through their actions and interactions, intentionally or unintentionally."[478] The foundation of adaptability, they argue, is *response diversity* – or "maximum tinkering" in the words of Nassim Taleb.[479] In other words, while resilience refers to the ability to maintain the same system, adaptability is the ability to produce response actions that allow a system to better respond to shocks and challenges without resorting to changing the system.[480] Conceived as such, although an adaptive regime increases its chance of being resilient, a resilient regime is not necessarily adaptive – simply consider the case of modern-day war-torn Syria, where the Assad regime has clung to power.

This conceptual distinction is important because it allows us to make sense of the significance of state-NGO collaborations. But as we reorient the focus on adaptive governance rather than regime resilience, the role of state-NGO collaborations must be more carefully conceived. Given their limited scale and occasionally adverse outcomes, I argue that the way that these collaborations contribute to adaptive governance is more by form than substance. In other words, their significance is created not through the actual activities or

[477] For example, see Cheng Li, *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership* (Washington, DC: Brookings Institution Press, 2016), 28.
[478] Sebastian Heilmann and Elizabeth J. Perry, "Embracing Uncertainty: Guerrilla Policy Style and Adaptive Governance in China," in *Mao's Invisible Hand: The Political Foundations of Adaptive Governance in China*, ed. Sebastian Heilmann and Elizabeth J. Perry (Cambridge, MA: Harvard University Press, 2011), 1-29.
[479] Nassim Nicholas Taleb, *The Black Swan: The Impact of the Highly Improbable* (New York: Random House, 2007).
[480] Other scholars, such as Ahlers and Schubert, see adaptability in terms of "identifying and executing relevant policies that respond positively to challenges posed by the system's environment." See Anna L. Ahlers and Gunter Schubert, "'Adaptive Authoritarianism' in Contemporary China: Identifying Zones of Legitimacy Building," in *Reviving Legitimacy: Lessons for and from China*, eds. Zhenglai Deng and Sujian Guo (Lanham, MD: Lexington Books, 2011), 61-81.

services they have so far proffered, but through the disparate mechanisms of *organizational entwining* that allow local state agencies to address social needs, absorb new knowledge and governing techniques, and devise novel solutions to problems in their respective institutional environments through leveraging non-state actors. Organization entwining is not just a casual, informal act of coupling or working together for common interests; it is a collaborative mechanism carefully crafted by local state agencies to simultaneously control and empower non-state actors, which in turn carry out state mandates either intentionally or unintentionally.

Devising the right kind of collaborative mechanism is a thorny task under authoritarian contexts. This is in part due to the lack of mutual trust between state and non-state actors. In authoritarian regimes, state agencies tend to fear that the empowerment of non-state actors could build up alternative power bases, instigate instability and challenge the monopoly of state power, whereas non-state actors typically worry that collaboration with the state would undermine their autonomy and public legitimacy. Such mistrust often forms the obstacle to finding the common ground for long-term collaborations. Another source of difficulty is that the state faces internal obstacles in diffusing the incentives for collaborating with non-state actors across different bureaucratic units. Some state agencies might have more incentives than others to work with social organizations due to their greater administrative autonomy, fiscal prowess or willingness to take risk. This problem is particularly acute in the case of China, where the fragmented authoritarian system could impede policy goals and misallocate the needed incentives and fiscal capabilities. For example, a local state agency might intend to forge collaboration with social organizations to address certain service needs but lack the fiscal ability to do so; contrastingly, it might be given both the mandate and money from upper-level bodies to collaborate with social organizations but lack the incentives to do so. In

light of these, to enhance trust with social actors and to overcome the fragmentation of incentives, local states studied in this research have initiated different collaborative mechanisms that respond to their respective institutional contexts. These local state variations are themselves unique processes of adaptation that make organizational entwining possible and potentially meaningful.

Once established, organizational entwining contributes to adaptive governance in three ways. First, it increases the capacity of the Party-state to provide public goods and address diversifying social needs at the local level. In the past, although local states had the practice of forging symbiotic relationships with NGOs, their collaborations were often informal and *ad hoc*, contingent upon personal ties and changes in the wider political environment, which rendered NGO service provision more restricted in terms of variety and scale. By formalizing and institutionalizing collaborations, local states can establish more stable relationships with NGOs, and also provide more structured and accessible services for a broad array of citizen groups, including the elderly, the disabled, children, migrants or drug addicts. In addition, the institutionalization of collaborations also helps to build up a pool of service NGOs that can emulate, if not crowd out, the grassroots or unofficial civil society that poses greater political risks to the Party-state.

Second, it helps local states to improve the process of governance and generate new policy ideas. Through working with service NGOs, local officials can learn from the service-oriented techniques to soften up their often rigid and bureaucratic approach, while improving the process of formulating and implementing policies as well as communicating them to the public. For example, by partnering with NGOs, the Communist Youth League has now learned new ways to mobilize young people to participate in its activities without resorting to

bureaucratic commands that assign participation quotas for schools. In addition, local officials can also obtain new policy ideas from NGO partners derived from their service experiences, and transform them into actual policy practices. For example, as I show in the case of Qichuang, the NGO has played an important role in helping the local state of Nanhai to draw up the implementation standards for clinical social work practices in hospitals.

Third, it opens up a new platform for decentralized policy experimentation. Through collaborations with NGOs, local states across China can experiment with different collaborative mechanisms, such as procurement design, engagement terms, and rules and regulations, along with different varieties of social service to be offered. Being part of local officials' policy innovations and achievements, these locally-tested models will enter the policy process: if judged to be effective by higher-level policy-makers, they will be disseminated through media coverage, conferences, academic research or officials' visitation, in addition to being emulated by other local states for continuous refinement. Successful ones are then collected at the central level, distilled into generalizable lessons, and formulated into national policies if they gain broad acceptance among top Party leaders. This distinctive "point-to-surface" (*youdian daomian* 由点到面) policy process is best described by Sebastian Heilmann as "experimentation under hierarchy" — "the volatile yet productive combination of decentralized experimentation with ad-hoc central interference, resulting in selective integration of local experiences into national policy-making".[481] Heilmann argues that such process, a cornerstone of the CCP's revolutionary strategy that remained crucial to the post-Mao reforms, has been a foundation that underpins China's adaptive governance.[482] Seen in this light, organizational entwining introduces a new element into the process. Unlike in the ordinary policy process where state actors dominate local experimentation,

[481] Sebastian Heilmann, "From Local Experiments to National Policy: The Origins of China's Distinctive Policy Process," *The China Journal* 59 (2008): 1-30.
[482] Heilmann and Perry, "Embracing Uncertainty," 88.

organizational entwining allows policy input and experimentation to become more "socialized". Although state actors still commands disproportionate power, through the formal channels of collaboration non-state actors can now more proactively feed their ideas into the policy process.

It is through these ways that organizational entwining generates infrastructural power for the Chinese Party-state and enhances its capacity of adaptive governance. If infrastructural power is conceived as the power to rule *through* rather than *over* society, then organizational entwining is the process that establishes new interfaces between state and society, through which the state can carry out its objectives, and thereby extend its power if these objectives are achieved successfully. Admittedly, since the differences in the political configurations of local states have resulted in different modes of involvement, the ability and effectiveness of these collaborative interfaces in achieving state objectives have varied widely. Some collaborations have opened up a greater variety of service provision and stimulated more vibrant public participation, while others have been more passive and restrictive, limiting the space for which NGO partners can exert influences. But regardless of the impact of its various manifestations, organizational entwining has gained significance in its own right: it has allowed the Party-state to be more responsive to social needs and more adept in satisfying them.

9.5 Institutional adaptation in authoritarian regimes

My findings thus provide support for the proposition that institutional adaptation is crucial for the survival of authoritarian regimes. One of the greatest weaknesses of authoritarian regimes is that their institutions lack the adaptive capacity to deal with challenges, weather shocks,

make continuous improvements, or implement sweeping reforms. The economist and historical institutionalist Douglas North calls this quality, which is fundamental to the success of both economic and political systems, "adaptive efficiency". As North notes, adaptive efficiency "entails a set of institutions that readily adapt to the shocks, disturbances, and ubiquitous uncertainty that characterize every society over time."[483] While North argues that adaptively efficient institutions are found in the United States and Western Europe, adaptability is not an exclusive feature for institutions under democratic contexts. In a recent edited volume, Martin Dimitrov argues that continuous adaptive institutional change is a foundation to the survival of communist-authoritarian regimes.[484] In particular, Dimitrov identifies four types of institutional adaptation – economic reforms, ideology, institutions for inclusion and institutions of accountability – that contribute to their resilience.

The collapse of the Soviet Union and the Eastern Bloc underscores the importance of adaptive institutions for authoritarian regimes. In the Soviet Union, although the demise of the Soviet system was not an intended goal when the perestroika and glasnost reforms were introduced in 1985-86, Mikhail Gorbachev accelerated the program when the reforms produced limited efficacy and steered it towards a more radical direction. This decision unleashed a sweeping political, economic and social transformation that rapidly eroded the power of Soviet institutions — and above all, the role of the Communist Party. Since state institutions were unable to adapt alongside the radical reforms and the resulting economic woes, they collapsed from within as soon as local officials lost faith and extracted state assets through the process of what Steven Solnick describes as "stealing the state".[485] At the same

[483] Douglas North, *Understanding the Process of Economic Change* (Princeton, NJ: Princeton University Press, 2005), 78.
[484] Martin K. Dimitrov, ed., *Why Communism Did Not Collapse: Understanding Authoritarian Regime Resilience in Asia and Europe* (Cambridge: Cambridge University Press, 2013), 4.
[485] Steven L. Solnick, *Stealing the State: Control and Collapse in Soviet Institutions* (Cambridge, MA: Harvard University Press, 1998).

time, the drastic political changes initiated in the Soviet Union and the reorientation of Soviet policy fomented widespread democratic uprisings in the Eastern Bloc. Given the reluctance of the Soviet Union to send troops to quell the unrest, like it did in the 1956 Hungary Revolution and the 1968 Prague Spring, these communist-led regimes eventually gave in to the democratic oppositions and undertook political liberalization one after another. Although their fate was by no means preordained by structural crises but instead brought by a chain of choices, contingencies and mistakes[486], both were, to a large extent, the consequences of state institutions failing to adapt themselves through drastic transformations, which rendered them obsolete and eventually irrelevant.

By contrast, in the case of China, institutional adaptiveness has been held as a prevailing explanation for the resilience of the CCP's rule. Many scholars have highlighted the adaptiveness of formal state institutions in enabling the CCP to undertake fundamental economic and social transformation without losing its grip on power in the post-Mao era. Jean Oi argues that the administrative and fiscal decentralization since the 1980s generated incentives for local states to spearhead rural industrialization as corporate entities that coordinate economic activities.[487] As for why decentralization did not result in the disintegration of central power as in the Soviet Union, Barry Naughton and Dali Yang contend that it was because China has retained a core element of central control — the nomenklatura system of personnel management. Under the system, "higher-level leaders determine the appointment of lower-level officials, and [...] also structure the incentive systems that apply to the entire hierarchy".[488] This has allowed the Party-state to reinforce national unity despite the centripetal forces. Andrew Nathan attributes the CCP's

[486] Stephen F. Cohen, *Soviet Fates and Lost Alternatives: From Stalinism to the New Cold War* (New York, NY: Columbia University Press, 2010).
[487] Oi, *The Role Of The Local State In China's Transitional Economy*.
[488] Barry J. Naughton and Dali L. Yang, eds., *Holding China Together: Diversity and National Integration in the Post-Deng Era* (Cambridge: Cambridge University Press, 2004).

authoritarian resilience to the regime's institutionalization in four aspects, namely the increasingly norm-bounded leadership succession, a more meritocratic and less factionalized process of cadre promotion, institutional differentiation within the bureaucratic apparatus, and increased channels for mass participation and legitimacy creation — local elections, administrative litigation, letter and visits, people's congresses and the mass media.[489] David Shambaugh argues that lessons drawn from the collapse of the Soviet Union has prompted the CCP to start a series of intraparty reforms in the hope of strengthening its ruling capacity.[490]

Other scholars look beyond formal institutions and focus on how the adaptiveness of informal institutions — norms, ideas and practices — help to strengthen regime resilience. Kellee Tsai shows how informal institutions can promote orderly social changes by examining the prevalent practice among private entrepreneurs of registering private enterprises as collectively-owned since the late 1970s, known as "wearing a red hat". Over time, these "adaptive informal institutions", which were created to evade state regulations, eventually culminated in endogenous institutional changes — the constitutional protection of private property and the inclusion of capitalists into the Party — without inciting instability. Meanwhile, informal institutions can also adapt to complement formal ones.[491] Lily Tsai argues how the norms and obligations provided by solidary groups such as lineages and temples have acted as "informal institutions of accountability", which enable citizens to hold government officials accountable in rural China even though they are not officially recognized or intended to do so.[492]

[489] Nathan, "Authoritarian Resilience."
[490] David L. Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley, CA: University of California Press, 2008).
[491] Kellee S. Tsai, "Adaptive Informal Institutions and Endogenous Institutional Change in China," *World Politics* 59.1 (2006): 116-141.
[492] Tsai, *Accountability without Democracy*.

While my analysis clearly pinpoints the adaptiveness of formal institutions, it differs from most mainstream accounts in two respects. First, rather than articulating adaptiveness in terms of the endogenous changes from within formal state institutions, my findings suggest that adaptation can occur as a decentralized pattern of interactions between state and non-state actors through organizational entwining. While state actors maintain their steering role by initiating, designing and managing the process of organizational entwining, it is their interactions with non-state actors — in our case, community-based service NGOs — that give meaning to the resulting state-society interfaces and potentially create policy impact. This supports the notion that state infrastructural power is not just an expression of stable and effective formal state institutions which are strong enough to withstand or respond to challenges. It is also a relational capacity that state institutions generate through their interaction with non-state actors to exercise state functions and effect policy changes, particularly when there are limits beyond which state actors are unable to reach.

Second, my findings also differ from other works by focusing on regime adaptiveness rather than resilience as the explanandum. By doing so, it not only prevents us from overstating the explanatory power of organizational entwining, but also helps to reconcile the increasingly negative views towards the CCP's ability to maintain authoritarian resilience. Ever since President Xi Jinping came to power, a number of analysts have begun to question the resilience consensus. Li Cheng, for example, argues that China's resilient authoritarian structure is a "stagnant system", plagued by "nepotism and patron-client ties in the selection of leaders, rampant corruption, the growing oligarchic power of state-owned enterprises, elites' contempt for the law, and the potential failure to broker deals between competing

factions in the Party leadership."[493] David Shambaugh, once a staunch proponent for the adaptiveness of the CCP, now warns of the "coming Chinese crackup" and predicts the beginning of its endgame.[494] Andrew Nathan, who coins the term "authoritarian resilience" in his influential article in 2003, argues that Xi is "overturning Deng [Xiaoping]'s system" and "risks undermining the adaptability and resilience that Deng's reforms painstakingly created for the post-Mao regime."[495]

On the whole, these views suggest that the declining adaptiveness or the fundamental inadaptability of certain set of Party-state institutions may now be eroding the CCP's foundation of rule and thereby its authoritarian resilience. Hence, even though my analysis demonstrates the adaptiveness of local state institutions in addressing social needs, it does not necessarily imply regime resilience because such conclusion must also take into account the condition of other institutions in the same system. The Party-state is a complex amalgam of institutions — or an "institutional matrix" according to Douglas North — where conflicting trends could coexist across its building blocks: some institutions could be highly adaptive, while others could be more stagnant, decaying and resistant to reforms.[496] Whether they contribute to regime resilience depends not on the adaptiveness of a single institution, but on the adaptiveness of the institutional matrix in its entirety — especially when facing a large external shock or radical transformation. This requires a much more complex analysis that falls beyond my inquiry. It is, however, interesting to note that these emerging scholarly challenges over China's authoritarian resilience also tend to conflate resilience and adaptiveness. Their argument is constructed on the basis that regime resilience is weakened

[493] Cheng Li, "The End of the CCP's Resilient Authoritarianism? A Tripartite Assessment of Shifting Power in China," *The China Quarterly* 211 (2012): 595-623.
[494] David Shambaugh, "The coming Chinese crackup," *Wall Street Journal*, March 6, 2015.
[495] Andrew Nathan, "Who is Xi?" *The New York Review of Books*, May 2016.
[496] In his 2008 book, David Shambaugh similarly argues that the CCP as an institution is simultaneously atrophying and adapting; but by the time of writing, at least, he observes that adaptation is cementing CCP's rule. See Shambaugh, *China's Communist Party*, 3-5.

when certain institutions are no longer adaptive. Although it is true that adaptive institutions make authoritarian regimes more resilient, one might imagine a scenario where a regime can "muddle through" to maintain resilience even if some of its key institutions are no longer adaptive. Perhaps a key question to ask here is *what kind* of institutions must be adaptive in order for an authoritarian regime to maintain resilience, without which it would either collapse or give in to political liberalization. That also lies beyond the scope of this study, but certainly requires greater understanding among students of authoritarian politics.

Meanwhile, adaptive capacity generated by organizational entwining also has limits. Although organizational entwining helps to include social organizations into the governance process and respond to societal demands in a more routinized manner, state agencies remain at the "commanding height" of these collaborations and often put stability concerns as their priority. When partnering organizations appear to threaten social stability or state power, or even when they display tendency of noncompliance, state agencies can always backtrack on the collaborative arrangements and intervene by employing administrative or repressive measures. In other words, organizational entwining is highly conditioned upon the willingness of state agencies to collaborate with social organizations. Once stability or loyalty concerns become dominant, then greater control would be imposed on social organizations, eroding their autonomy and space of participation, and thereby the adaptive capacity they build up for state agencies (consider the case of Nanfeiyan). Moreover, such willingness is not only affected by the risk aversion or paranoia of local officials, but also highly sensitive to national political trends. When the central government tightens the grip on civil society, local collaborations could suffer as a result. In the following, I discuss recent trends in China's civil society that could have profound ramifications on state-NGO collaborations.

9.6 Tightening grip on civil society

Despite a brief period of relaxation on civil society activities under the Hu Jintao era, the Party-state began to tighten its grip on civil society after Xi Jinping came to power as the General Party Secretary in late 2012. Since then, the Chinese authorities have cracked down on a score of civil society organizations and detained or arrested hundreds of activists and dissidents. Control over cyberspace has been further tightened, and a new commission has been established to oversee national security across a wide spectrum of issues. A campaign against "Western values" has been launched, while a number of "Western ideas" have been banned in public or classroom discussion under a high-level directive, even including the very term of "civil society".

Issue-based activism has suffered tremendously as a result. Previously, despite constant state surveillance, moderate or issue-based groups and activists could remain intact as long as they refrain from a political agenda. But under the present wave of repression, the survival of depoliticised and reformist civil society groups without any stated political goals or intention to overthrow the CCP has now become questionable. For example, the Transition Institute 传知行, a moderate and low-profile think-tank that focused on policy research and advocacy, was shut down by the authorities in July 2013. Its co-founder, Guo Yushan, who also helped the blind activist Chen Guangcheng escape from house arrest, was detained on the criminal charge of "provoking trouble" in October 2014, after Guo was suspected to organize activities to support the Umbrella Movement in Hong Kong. Another crackdown target was the Liren Rural Library 立人图书馆, a national library project aimed at providing children in underprivileged and rural areas with free access to books. In September 2014, Liren

announced that all of its libraries across China would be closed down after repeated inspections and crack- downs by local authorities.

In early 2015, the wave of repression even spread to issue areas that were previously tolerated, such as women's rights and public health. Shortly before the International Women's Day on March 8, more than ten feminist activists were detained by the public security. Unlike previous cases that usually targeted particular organizations or individuals, this crackdown was a coordinated effort against an activist network across the country. Although many were released after brief detention, five activists were kept for a month until being released amidst mounting international pressure. The clampdown on feminist activists was followed by the forced closure of Yirenping, a prominent public health and anti-discrimination NGO that championed gender equality and often used litigation to fight discrimination. Several public health NGOs associated with Yirenping, such as the Guangzhou-based Zhongyixing 众一行 and Pingji 平机, were both investigated.

These repressive efforts are further amplified by how local bureaucratic apparatuses implement the task of stability maintenance. As Hong Kong-based Chinese activist Zeng Jinyan argues based on the case of Guo Yushan, the tasks of "maintaining stability," especially for a younger generation of state security police, "has now become depoliticized, operationalized, routinized and commercialized." Being a victim of state repression herself, Zeng attributes the problem to the goal-oriented nature of local authorities:

> "Instead of seeking solutions to real social problems, this product-oriented bureaucracy is geared only towards the perceived 'quick fix' of suppression. Guided by this new methodology, the state security apparatus has no real interest in distinguishing the content and nature of different activists' work, their individual characteristics, the threat they pose to the regime or their level of cooperation with the state, nor are the police keen to weigh the impact of their arrest on the

> government's performance and public image. This new methodology has turned rights activists into standardized objects of business."[497]

Despite localized stability maintenance, this repressive wave – as suggested by the crackdown on the feminist activists – is national and coordinated at the central level. This was again manifested when repressive effort turned to the rights defence lawyers (*weiquan lüshi* 维权律师), a group that was vigilantly monitored by the authorities but tolerated under the lip-service of respecting the rule of law.[498] In early July 2015, more than 200 Chinese lawyers and *weiquan* activists were detained or questioned by the police or went into hiding. The target of the crackdown was the Beijing Fengrui Law Office, a law firm specialised in rights cases, where three prominent rights lawyers were arrested. The Ministry of Public Security labelled the group as a "criminal syndicate" and accused it of disrupting public order and seeking profits by illegally hiring protesters and swaying court decisions in the name of "defending justice and public interests."[499] Two of the law firm's employees subsequently made confessions on the state-run CCTV, admitting to being paid and paying others to hype sensitive cases. With hundreds being rounded up, the scale of repression was simply unprecedented. But the offensive against civil society did not stop there. In December that year, a score of Guangdong-based labour activists was interrogated or detained in an effort to dampen their movement at a time of growing labour unrest.[500] Five activists were arrested and charged, one of which was He Xiaobo, the founder of Nanfeiyan. The apparent target of this crackdown was Panyu Dagongzu Service Centre, a prominent labour NGO that provides

[497] Jinyan Zeng, "Guo Yushan and the predicament of NGOs in China," *Probe International*, May 21, 2015, http://journal.probeinternational.org/2015/05/21/guo-yushan-and-the-predicament-ofngos-in-china, accessed July 4, 2015.
[498] Eva Pils, *China's Human Rights Lawyers: Advocacy and Resistance* (Abingdon: Routledge, 2014).
[499] "China apprehends suspected paid protest organizers," *Xinhua*, July 12, 2015, http://news.xinhuanet.com/english/2015-07/12/c_134405003.htm, accessed July 16, 2015.
[500] "Strikes and protests by China's workers soar to record heights in 2015", *China Labour Bulletin*, January 7, 2016, http://www.clb.org.hk/content/strikes-and-protests-china%E2%80%99s-workers-soar-record-heights-2015, accessed September 29, 2016.

legal consultation and representation for workers and has been a model for many labour activists, whose leader Zeng Feiyang and two of his colleagues were among those arrested.

9.6.1 Building a service-oriented civil society

The crackdown of NGOs that combine both service-delivery and advocacy functions, as in the case of Nanfeiyan, Liren or Yirenping, suggests that this previously tolerated realm in the grassroots civil society is vanishing. In an article analysing state-NGO relations in China, Fengshi Wu and Kin-man Chan use the concept of "graduated controls" (*fenlei guanzhi* 分类管治) to describe the state's differentiated approach on three types of NGOs, namely those involved in service delivery, those involved in service or advocacy in non-sensitive areas, and those involved in political, religious or ethnic issues.[501] The authors argue that while the second category of NGOs did attract more attention from the supervising authorities and public security than the service delivery ones, they were given considerable survival space and were not subject to as much crackdowns as the third category. But ever since the Chinese government is adopting an increasingly militant approach towards civil society, the space for these mid-range NGOs is disappearing, and the policy of "graduated controls," which gives rise to flexibility, might be gradually replaced by a friend-or-foe approach. Apart from the case of Nanfeiyan which I detailed in Chapter 8, another similar example was the Panyu-based Sunflower Women Workers' Centre, a grassroots NGO providing leisure activities for female migrant workers and occasionally engaging in rights defence activities. Despite initial support from the local authorities to promote migrant services when it successfully registered

[501] Fengshi Wu and Kin-man Chan, "Graduated Control and Beyond: The Evolving Government-NGO Relations," *China Perspectives*, 3 (2012): 9-17.

in 2012, the NGO has since been repeatedly harassed by thugs, forced to move by landlords, and eventually shut down by local officials.[502]

The service-oriented role of civil society is further entrenched by formal legal changes. Under the new Charity Law (*cishanfa* 慈善法) promulgated in March 2016, three kinds of charity organizations (*cishan zuzhi* 慈善组织) are officially recognized: foundation (*jijinhui* 基金会), social association (*shehui tuanti* 社会团体), and finally social service organizations (*shehui fuwu jigou* 社会服务机构) – an expression that replaces the previous "private non-enterprise units". According to senior Civil Affairs official, the new classification was needed because the use of "private non-enterprises" had lagged behind the development of such kind of NGOs.[503] First, the category has a negative definition because it states what it is not, rather than define what it is. Second, the term "private", or *minban*, has failed to account for the increasing role of the government in sponsoring NGOs or funding their projects. Third, the category also fails to distinguish non-profit charity organizations from profit-making or fee-charging organizations, such as elderly homes or private schools. Hence, by renaming the non-profit PNEUs into social service organizations, the Civil Affairs authorities hope to draw a clear line between charity and non-charity. In effect, however, it also officially underscores that the role of these civil society organizations is to deliver social services, rather than engage in policy advocacy or interest representation.

[502] "'Zisha' huo 'tasha': nü gong gongyi jigou yao xuanze yizhong sifa" [Suicide or murder: Female migrant NGO has to choose a way to die], June 27, 2015, http://mp.weixin.qq.com/s?__biz=MzIxOTAwNzk0MQ==&mid=213166659&idx=1&sn=7dc1eb419e3fc16c09cf9e9836614cfa&scene=5#rd, accessed July 2, 2015.

[503] "33 wan minban feiqiye danwei huo zhuanxing wei shehui fuwu jigou [33,000 private non-enterprise units may become social service organizations], *Xinhua*, May 4, 2016, http://news.xinhuanet.com/yuqing/2016-05/04/c_128952839.htm, accessed September 28, 2016.

9.6.2 Foreign NGO law

While repression has continued, there are signs that a more comprehensive and centralized control of civil society activities is emerging. In December 2014, the Chinese government proposed a new law in the legislature that aims at regulating foreign NGOs operating in China, along with a new National Security Law.[504] Ratified in April 2016, the Foreign NGO Management Law establishes procedures for foreign-based non-profit organisations to register formally before conducting activities in China. The law follows a recent trend among countries such as India and Russia that have enacted laws restricting foreign funding of NGOs, partly to forestall foreign threats against national security.[505] The Chinese law was motivated by a similar purpose. It places foreign NGOs in China as well as their temporary activities under greater state scrutiny, requiring them to be sponsored by a professional supervisory unit authorised by the government and also to be registered with a registration management organ, i.e., the local public security bureau, before conducting activities. Activities with duration of less than a year require temporary activity permits from PSUs or state organs, or Chinese partners approved by the public security authorities. To an extent, the requirement of registration and supervision resembles the dual registration of domestic NGOs. The new draft law, on the contrary, appears to be a step backwards for foreign counterparts.

There are several problems in the law worth highlighting. First, the scope of the law appears expansive and limitless, and many of its terms are vaguely defined. For example, the word "foreign", or *jingwai* 境外, is referred to as extra-jurisdictional, and includes not only foreign

[504] "Xi calls for rule of law, deepening reforms," *Xinhua*, October 27, 2014, http://news.xinhuanet.com/english/china/2014-10/27/c_133746407.htm, accessed June 25, 2015.
[505] "Uncivil societies," *The Economist*, September 13, 2014.

countries, but also areas with special and controversial status, namely Hong Kong, Macau, and Taiwan. The term "NGO," or *feizhengfu zuzhi* 非政府组织, is defined in the law as "non-profit, non-governmental social organisations," meaning that even universities, professional associations, and interest groups would fall within the scope. In addition, while the law applies to their "activities," or *huodong* 活动, within the territory of China, the term is left undefined, which in effect allows it to encompass anything. Some of the terms are vaguely defined, which led to varying legal interpretations and the exercise of discretionary powers by the authorities. For instance, Article 47 lists circumstances in which registration of foreign NGOs would be revoked, including "the subversion of state power", "inciting resistance against enforcement of state law or administrative regulations", "gathering state secrets or intelligence", and any "other activity that either endangers state security or damages the national or public interest" etc. Second, the law effectively transferred NGO registration from the civil affairs to public security departments. This would expand generate immense police powers, such as the searching of representative offices, seizure of materials, and detention of representatives without warrant. Third, the law also creates extra administrative constraints and burdens. For instance, Article 19 and Article 31 respectively require foreign NGOs to submit an annual activity plan and an annual report to both the sponsor and registration unit, but the level of detail required by them and the flexibility they allow remain unclear. If all activities are required to be reported, it will constrain the flexibility of foreign NGOs, not to mention additional administrative work.

But the greatest impact of the law will be on the survival and local partnership of foreign NGOs. In order to maintain their foothold in China, many foreign NGOs might choose to avoid projects in areas that the authorities deem sensitive, such as those involved in rights and labour issues. In addition, as noted by Kin-man Chan, the layers of supervision required

by the law would stifle international NGO cooperation with domestic partners, and registered foreign NGOs could get into trouble for working with unregistered domestic partners.[506] On the other hand, it might encourage self-censorship among foreign organisations with connections to China. The repercussions also travel well beyond foreign NGOs. Article 38, for instance, says that "individuals, legal persons, and other organisations within mainland China may not accept commissions and funds from foreign NGOs that have neither registered a representative office nor obtained a temporary activity permit, or represent or covertly represent the non-mainland NGOs in conducting activities." This means that grassroots NGOs in China, many of which are involved in a broad range of issues from the environment to human rights and are supported by foreign funding and training, can no longer be financially sponsored by unregistered foreign organisations, and it is unlikely that they will easily obtain support from domestic foundations or donors. The withdrawal of these foreign partners from China will also tremendously curtail both the funding and knowledge transfer to these grassroots NGOs.

9.6.3 Party-led civil society

Aside from widening repression and legal retrenchment, the Party-state is also attempting to strengthen its control and monitoring of the expanding civil society. In May 2015, the Politburo promulgated a Party work regulation that requires all social, cultural and economic organizations to set up Party cells if they have more than three CCP members. Although this requirement is constitutionally stipulated and similar internal circulars had been issued in the past, it was the first time that the imperative was mandated by the top leadership as a

[506] Verna Yu, "Draft Chinese law puts NGOs' future on the line," *South China Morning Post*, June 4, 2015, http://www.scmp.com/news/china/policies-politics/article/1816097/draft-chinese-law-puts-ngos-future-line, accessed June 25, 2015.

regulation, aiming to increase the coverage of Party cells from the current 42% to full coverage (*quanfugai* 全覆盖).[507] In September, the central government further published a directive, titled "The Opinion about Strengthening Party Work in Social Organizations", to detail both the principle and necessary actions to undertake such work. In it, Party cells are regarded as the "battle fort" (*zhandou baolv* 战斗堡垒) in social organizations to ensure their political discipline and bring the CCP closer to the people.[508] Since then, many local governments have echoed the call and proposed new initiatives to foster Party-building efforts in the social organizations under their jurisdiction. In Shenzhen, for example, the municipal authorities made Party-building in the social sector as a priority in 2016 and established a "Social Organization Party Work Committee" (*shehui zuzhi dangwei* 社会组织党委) in the Civil Affairs Bureau, aiming to increase the coverage of Party cells in different categories of social organization.[509] In Guangzhou, as I have discussed in Chapter 7, incentives for Party-building have been integrated into evaluation for service NGOs. In Beijing, the municipal government even established a think-tank to research Party-building strategies and provide advices of such work for social organizations.[510]

However, it remains difficult to determine the actual impact of the Party's advance on civil society. Given that empirical work on Party-building in China has been scarce, Patricia Thornton's research on Party-building initiatives in Shanghai offers a rare insight - although

[507] "jiedu 'guanyu jiaqiang shehui zuzhi dang de jianshe gongzuo de yijian' (shixing) [Interpreting the 'Opinion regarding strengthening Party-building in social organizations']", Xinhua, September 29, 2015, http://dangjian.people.com.cn/n/2015/0929/c117092-27648392.html, accessed September 28, 2016.
[508] "Zhonggong zhongyang bangongting yinfa 'guanyu jiaqiang shehuizuzhi dang de jianshe gongzuo de yijian' [Office of the CCP Central Committee published the 'Opinion regarding strengthening Party-building in social organizations']", *People's Daily*, September 29, 2015, http://news.xinhuanet.com/politics/2015-09/28/c_1116702753.htm, accessed September 29, 2015.
[509] "Zai quanshi hangye xiehui shenghui dangjian gongzuo huiyi shang de jianghua [Address to the trade association Party building work conference], *Shenzhen Social Organization Management Bureau*, August 8, 2016, http://www.szmz.sz.gov.cn/xxgk/zhxx/tzgg/201608/t20160808_4273472.htm, accessed September 29, 2015.
[510] "Quanguo shouge shenji shehui zuzhi dangjian zhiku zaijing chengli [China's first provincial-level social organization party-building think tank was established in Beijing], *Qianxian [Frontline]*, June 28, 2016, http://www.bjqx.org.cn/qxweb/n254393c1099.aspx, accessed September 29, 2016.

she also highlights the uncertainty to make predictions on whether they have made the Party stronger. Focusing on the emergence of Party-organized NGOs (PONGOs), Thornton observes that internal Party cells have exerted influence on the NGOs that host them, "periodically diverting their manpower and resources to pursue the Party's recruitment and mobilizational agendas" and also subjecting them to "increased surveillance and the obligation to participate in Party activities." However, she also argues that the "new focus on facilitating grassroots public service delivery potentially dilutes the Party's effectiveness as a vanguard organization" and that the "heterogeneity of fledgling grassroots members may import contradictions from society and divergent interests into the Party."[511] The double-edged impact was even more salient in her examination of the Party-building initiatives in the private sector, where she observes that the new life of the Party does not focus on the "active repoliticization of its grassroots membership", but "instead fuses commercial and social forces as an instrument of competitive commercial advantage, and actively markets the Party's capacity to manage its workforce to a receptive — and increasingly transnational — corporate audience."[512]

9.7 Concluding remarks

All of these suggest that the Party-state will continue to impose strict control over China's burgeoning civil society, preventing its actors from becoming agents of political liberalization or democratization. However, although these tightening measures will certainly freeze or shrink civil society activities in the short run, they are unlikely to overturn the trend of state-civil society collaborations. For local states, collaboration with NGOs will continue to serve as a practical solution to address rising social needs, a convenient vehicle to

[511] Thornton, "The Advance of the Party," 14-15.
[512] Thornton, "The New Life of the Party," 78.

strengthen governance capacity and extend the reach of the state, or a means towards emulating the functions of grassroots civil society. Under the process of policy learning and diffusion, these collaborative practices will likely spread to local states previously unfamiliar or suspicious of the idea, where officials would devise different strategies to cultivate the NGO sector depending on local circumstances and incentives for policy innovation. A common challenge for local states would be to negotiate the dilemma between controlling and empowering NGOs. While control measures will be seen as indispensable for preventing NGO partners from challenging state authority, it is also important to grant greater space and autonomy for NGOs to make social impact. Such balancing acts will certainly continue to create tensions between local states and NGOs and actively shape civil society development.

Meanwhile, for service-oriented NGOs, collaboration with local states has provided a new channel to obtain resources not only for organizational survival, but also for a certain extent of policy advocacy and interest representation for marginalized groups. Although this means that NGOs will become somewhat fiscally dependent on the state and institutionally embedded in the state structure, which are expected to wean them from political goals, collaboration with the state is unlikely to turn them into state appendages. In addition, while most of the NGOs will have strong incentives to behave compliantly within sanctioned boundaries, at least some will negotiate with the local states for greater autonomy to carry out their civil society functions. In light of these trends, coupled with Beijing's tightening grip in society, it is unlikely, if not impossible, to foresee a Western-style democratic transition propelled by an autonomous civil society. Democratic changes, if any, will only come through the quotidian interactions and negotiations between progressive social groups and the state, which might culminate in endogenous institutional changes in the long run. But to be sure, such process will be slow, protracted, and at times regressive.

– END –