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The role of civil society organizations in China and Germany

Papers presented at the German-Chinese workshop in Beijing,
March13-15, 2009

1/2009

Preface

From March 13 to 15, 2009, the Center for Global Politics at Freie Universität Berlin and the Chinese Center for Comparative Politics and Economics in Beijing held the workshop "The Role of Civil Society Organizations in China and Germany", funded by the Fritz Thyssen Foundation. The research objective was to analyze the role of civil society organizations in political regulation in China and Germany as well as their contribution to ensuring efficiency in specific policy areas.

Building on the state of literature, the following two basic research questions were formulated in advance. First, which concepts and theoretical tools can be found and used to frame and analyze the current state of civil society in China and Germany? Second, which modes and mechanisms of interaction exist between state structures, the business sector, and civil society organizations?

The project aimed to contribute to the dialogue in political science concerning the field of civil society and political regulation among Chinese and German scholars. Moreover, it served as a first-encounter workshop that allowed both sides to establish and share their current research and concepts, thus allowing the participants to develop a common theoretical grounding for future cooperation.

This compilation brings together some of the papers presented in Beijing. Given the character of the workshop as a first meeting of the participating researchers, the thematic focuses and approaches are relatively diverse. Nevertheless, we hope that it will offer stimulating reading.

We would like to thank the Fritz Thyssen Foundation for its financial support for both the workshop and the editorial work of this publication, all participating researchers for their commitment and the fruitful discussions, as well as the persons who helped preparing this compilation through editorial work and language corrections: Claudia Kissling, Alexander Spielau, Alexandra Skinner, Emily and Jason Oltman.

Klaus Segbers, Yu Keping, and Ole Jantschek
Berlin / Beijing, November 2009

Content:

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Civil society in a globalizing world

"Civil society" is both a fancy political catchword, undoubtedly with a positive connotation, and a scientific concept, basically arguing that political regulation has to incorporate the interests and the roles of societal actors. The guiding question of this brief introduction to this very promising workshop is how globalization affects our understanding of civil society, which was originally deeply attached to the nation state and not to transnational configurations.

1. Defining civil society

Pragmatically, "civil society" is often understood and used as a concept synonymous with non-governmental organizations. Implicitly, the term is often reserved for "positive", enabling, "democratic" organizations. Conceptually, the concept forms a bridge between individuals and voluntary associations and the public sector by creating a societal or social level of interests and actions. Here, the content of these interests should be defined rather broadly.

Thus, civil society forms a meso-level of analysis. On this societal level, we find a variety of self-organizational, self-administrational and individual/ collective activities. Generally speaking, CS activities are not only political in a narrow sense, but they also encompass social activities based on self-organization. Also, CS activities are not necessarily "good" or constructive when we define CS in a neutral, non-normative way. This is the understanding I will suggest in this introduction.

2. Civil society and the nation state

Historically, definitions of civil society are closely tied to the nation state as the main player and battleground; with the advent of globalization, this is changing. In Europe, enlightenment, secularization, and the rise of trading and financial agents emerged simultaneously with and, over time, produced new, emerging social and functional groups calling for participation/ democratization. These tendencies went hand in hand with the emergence of the modern Westphalian nation state. States were required to be regulators and enforcers of rules for enabling development and social equilibria, for providing public goods like security and basic services, and for setting and enforcing the institutional framework of modern capitalism. Civil society was the arena for discourse, lobbying, and fighting to shape the rules required by these tasks. The outcome was a clear distinction between "public" and "private" functions and responsibilities, between state and non-state functions respectively. Rational citizens' activism fulfills the function of shaping, controlling, and legitimizing the state administration. Individuals as social agents had, accordingly, a double nature: they were acting as bourgeois economically and as citizens socially. In this way, their "private" and "public" activities were linked.

According to this concept, state bureaucracies, market segments, regional territorial actors and social groups are competing within democratic nation states for influence and revenues and in order to shape a state's policies. It follows from this constellation that a "state" should definitely **not** be perceived as a **unitary actor.**

3. Globalization

Globalization is a process generated by the worldwide interplay of flows of capital and content, of goods, services and people, which are enabled by new technologies like digitalization and driven by the profit calculations of individual groups of actors. The outcome of all these particular moves, globalization, is in this sense somewhat randomly "happening", and not primarily the result of deliberate moves by neoliberal elites implementing a program to reduce states' capabilities. While the 2008-09 global financial crisis certainly made clear that there are serious loopholes and gaps in the global financial and economic-political architecture, the crisis, and the debated remedies, do not imply that we are living in a world of capitalism by design.

Globalization as such is not new. But its current all-encompassing character and the accompanying speed of actions, as well as the acceleration of subsystems, are certainly new. The degree of interconnectivity, the extent to which actions have accelerated and the multitude of information flows as well as their combined impact on production, distribution, and social processes constantly produce new incentive structures. These incentives fuel the search for new opportunities, and they generate new tools and products quite a while before politics has the opportunity to react and to set or modify rules. In this way, "the state" is not the prime mover and shaper of globalization, but the object of processes beyond its control. As soon as we understand "the state" not as something homogeneous, united, but as a space for contention, civil society organizations can be conceptually promoted into the premium league of formative actors.

4. Effects of globalization

Increasingly, there are global, transnational social spaces (both physical places and virtual landscapes) with divisions and asymmetries. They are no longer limited to territorial boundaries and nation states. In this way, the opposition between states and civil societies is evaporating. We now register uneven trajectories of acceleration in different sub-systems - economic, social, cultural, political. And the political subsystems are changing slower than the others do. This apparently leads to a de-coupling of the political sphere from other sub-systems who move faster, with less deliberation and fewer checks. Another and related problem is that globalization, and the techniques generated by it, create new divides – those of access and those of digital (in)competence and exclusion. Politically, this is problematic; neither the states nor the societies are "unique" anymore. Instead of a clear opposition between state and society, with each struggling for influence, we face a fragmented situation resembling a mix of complex, and often confusing, interactions. Not only the state, but also "classical" society is dissolving. There are increasing societal cleavages, indicating disjuncture in and across societies. In a global world, many actors are competing for

influence at multiple levels of action. For political sciences, this constitutes a fundamental challenge. Perhaps what is required is a new cartography of politics, a new way of mapping?

5. Effects of globalization on the nation state

As indicated before, many politically relevant outcomes are generated by flows beyond the control of national governments. Also, new flows are neither distributed equally nor open to everyone nor always accessible for free. In this way, sub- and transnational disparities and asynchronies are becoming more relevant and more visible. This situation also produces a challenge to the existence of an independent welfare state. Instead, we are observing the competition between models of tax-financed redistribution by governments and a globally-induced race to the bottom of lower taxes, social standards, and gratifications.

It is becoming increasingly more difficult, if not impossible, to 'opt out' and to pursue auto-centric, de-coupled paths of development. This difficulty also leads to a lack of legitimacy: voters still expect that "their" governments can "do" politics. At the same time, most people/ citizens do not, and cannot, really comprehend what these increasingly more complex political issues are about, and what options and consequences (including transnational ones) they have to consider. This also constitutes a problem for OECD democracies, their performances and legitimacy.

6. New ways of governance

In the face of accelerated political, economic and social changes that require new ways of effective governance, the decreasing ability of governments to perform adequately produces more and more confusion. Civil society actors can no longer be sure of whom they are facing and whom they have to address with their concerns. At the same time, civil society in the form of national and transnational political agents gets involved in political regulation processes and the provision of collective goods. Public-Private Partnerships (PPP) define an (partly transnational) interaction between public and private actors which aims at the provision of collective goods. Also, all political actors have to face more pressure to act on time, and permanently and professionally, under increasing media scrutiny. Traditional civil society is being transformed into an interactive, hyperactive civil society 2.0.

Traditionally, the emergence of civil societies meant a shift of political responsibility from the state to society. Today, civil societies are faced with the option of transgressing national boundaries because the relevant actions and contestations expanding beyond states. Technological improvements in communication and the 24/7 availability of signals and information allow for transnational ties. Civil society's framework of reference is no longer exclusively the nation state, but instead IGOs, other INGOs, global flows, the G7, etc. This situation enables multi-level games as well: civil society actors might become players on different levels. This is a major challenge for them.

The question is if this is a generally positive outcome. Who is participating in national and transnational CS activities, on what grounds and with what kind of information? There may be an inverse relation between increasing political and social complexity and enhanced participation by social groups.

7. Questions for future research

All these new constellations produce new questions:

Which concepts and theoretical tools can be used to analyze the current state of civil society in general, and in China and Germany in particular?

What are the relevant levels of analysis in global times?

Which modes and mechanisms of interaction and participation exist between state structures, markets, inter- and transnational institutions/ rules and civil society organizations?

How do CSO respond to devolution of national power, increasing levels of action (analysis), and the permanent exposure to media? Are they also "driven" by media, competition, etc.?

How do they navigate between the shift of sovereignty up-, down- and sidewards?

These are plenty of relevant questions to be addressed by this workshop, and beyond. Let's take them on. That we are doing this in this rather novel way of a binational and bi-cultural undertaking gives our enterprise the special flavor.

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Civil society with Chinese characteristics: A brief overview

The process of reform and opening up has been a process of fundamental social changes in China. One of these changes has been the rise of a relatively independent civil society. The reform, with its orientation towards market economic system and democratic governance, has allowed civil society organizations (CSOs) to emerge in great numbers. This rising civil society possesses specific Chinese characteristics and its influence on China's social and political life is deepening by the day. According to some recent investigations, there are at least 3 million civil society organizations of all kinds operating at different levels across country. The existence of civil society was a very sensitive conversation topic ten years ago; now, however, it forms part of a popular discourse among Chinese intellectuals.

After the Communist Party of China (CPC) came to power in 1949, it implemented socialist public ownership of property, a mandatory planned economy, and a highly centralized system of political power under the unitary leadership of the Party. The CPC also abolished nearly all of the CSOs. At the end of the 1980s, China began reforms to reorient the economic system towards an open market. It gradually abandoned the former planned economy and introduced a socialist market economy. It also transformed the monolithic system of ownership by collectives and the state into a diverse system that supplemented ownership by the state and collectives with various forms of private ownership, such as single proprietorship, joint venture and foreign investment. Meanwhile, China's political system also underwent great reforms, many of which either directly or indirectly stimulated the development of civil society. These changes included, for example, revising the Constitution, separating the Party from the government and the government from business, transforming government functions and placing the country under the rule of law. The process also brought forth a series of laws, regulations and policies to encourage and standardize CSOs and transformed the general attitude toward civil society. All these reforms laid the foundation upon which China's civil society rests.

The rise of China's civil society is an important manifestation of China's overall social progress. Our case studies prove that the emergence of civil society exerted a great influence on social, political and economic activities, changing governance to a large extent and effectively promoting good governance in China. A civil society is of particular significance to citizens' political participation, political transparency, government innovations, high quality of public service, citizens' self-governance, government efficiency and democratic and rationalized policy-making. Besides, it also helps promote the healthy development of the market economy, increase the governing capacity of the CPC and build a harmonious society in China.

One of big debates on civil society among Chinese intellectuals is the question of whether or not a real civil society exists in China. A few scholars argue that civil society, as it is understood in the west, does not exist in today's China. In my opinion, however, a real civil

society does exist in China because Chinese CSOs more or less share the following features with their western counterparts: they are non-governmental, non-profit, relatively independent, and voluntary. However, CSOs in China are quite different from those in the West. Thus, compared with Western countries, China's civil society has its own characteristics.

First, China's civil society is a typical case of a civil society led by the government, and it obviously has both official and unofficial aspects. The vast majority of China's CSOs were established by the government and are led by the government. This is especially true in the case of the most influential CSOs, which are legally registered, such as industry organizations, professional organizations, academic associations and interest groups. Governmental dominance of CSOs has always been a prominent feature of China's civil society. The government-led civil society manifests itself in the following three ways. First, government regulations concerning the registration and supervision of CSOs require that if CSOs want to register, they must first affiliate themselves with a Party or government body authorized by the state, which serves as its regulatory body. Second, the vast majority of CSOs that have considerable influence on society were established by the government itself. Third, although the central government published a document in 1998 declaring that Party and government officials at the section chief level and above are not allowed to hold leadership positions in CSOs, most of the key leaders of important social associations are people who have retired from leadership positions in the Party or government or who transferred to the organizations during organizational restructuring. Fourth, according to government regulations, CSOs should, in principle, raise money themselves to pay their expenses. However, the government in fact appropriates funds to pay for the activities of a number of important NGOs, and these organizations are completely economically dependent on government funding.

Second, China's CSOs are in a process of formation and have a nascent and transitional nature. Compared with their counterparts in Western countries, China's CSOs are still very immature, and they are not clearly independent, voluntary and non-governmental, typical characteristics of their Western counterparts. The vast majority of China's CSOs began maturing after the mid-1980s, a period of less than 20 years. They are in a process of change and growth, and neither their structure nor functions have taken on a set form. For example, the latest government regulations require all CSOs to separate themselves from the government, yet the government guides their important activities through the government bodies the CSOs are attached to. In addition, a number of CSOs are guided and controlled by the government and are not as independent, voluntary and non-governmental as CSOs should be. Other CSOs, in contrast, represent the other extreme; their formation was completely due to a spontaneous initiative of the people, they are not even registered with government departments, and they receive no leadership or guidance from the government. This kind of transitional nature of CSOs is just one aspect of similar changes taking place throughout the entire Chinese society, including civil society, and it is the manifestation of these more general social changes within CSOs.

Third, in accord with the above mentioned characteristics, China's CSOs have not yet been normalized. Although the Ministry of Civil Affairs instituted revised supervision

regulations in an attempt to standardize CSOs in 1998, this standardization process has just begun and has a long way to go. In terms of an organizational basis, China presently has, at the very least, the following kinds of CSOs: 1) social associations with a high degree of administration, such as trade unions, the Communist Youth League and certain women's federations; 2) social organizations with significant administrative functions, such as all kinds of industry supervision associations, like industry and commerce associations and consumer organization; 3) academic associations, which have become essentially unofficial, such as scientific and research associations; 4) civilian-run non-enterprise organizations. They constitute a very unique kind of civil organization. They do not have administrative rank and perform few administrative functions. Some of them engage in research and exchanges in their field and others provide specialized services to society.

Fourth, the development of China's CSOs is very uneven at present, and there are great disparities between the social, political and economic influence of different organizations and their position in society. Among primary-level rural and neighborhood CSOs, those with the greatest influence and prestige are villagers' committees, neighborhood committees, and some community organizations, such as retirees' associations. Organizations which were previously very influential, such as branches of the Communist Youth League, women's federations and militia battalions, have lost much of their influence. At the central and provincial levels, the influence of industry associations, management associations, charitable organizations, professional organizations and civilian run non-enterprise units is, in general, growing.

After more than 20 years of development, China's civil society has realized that it is crucial for Chinese democracy, market economy and harmonious society. Now it has reached a new stage in which many aspects of China's present institutional environment are no longer conducive to civil society's further growth; some institutional factors have already become bottlenecks restricting this growth, making it necessary to undertake reforms. These reforms should prevent CSOs from becoming adversaries of the government and promote cooperation between CSOs and the government, enabling them to work together towards building a peaceful society with democratic governance.

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Civil society in political thought in German and European history. Civic engagement, self-organization and civic norms as examples

In current debates in the political public sphere, the term "civil society" can be found quite often. This term has meanwhile a considerable tradition. What was established in the English-speaking countries more than twenty years ago under the name of "civil society" developed in Germany as the term "*Zivilgesellschaft*". Other European languages integrated the concept and term into their languages, too (Kocka 2004: 65f). Of course these nearly thirty years of tradition are nothing compared to the about two-and-a-half thousand years in which the concept of civil society was arising in Europe; this process lasted from ancient times all the way up to our present (see Schmidt 2007; Hall/Trentmann 2005; Adloff 2005; Ehrenberg 1999).

The term "civil society" is often characterized as imprecise and criticized for being used as a "universal tool" in scientific, political and journalistic texts and articles. This vagueness results from different functions the concept can have. For example, in science, civil society can be used to analyze complex and different processes in society within a consistent analytic frame. For politicians, it can be employed as an ideological means of moving their citizens towards more personal responsibility within society. It appears here as universal remedy against the fragmentation of society; the implied aim is to give individual members of society a new power of cohesion. In journalistic writings, "civil society" is often simply used as a synonym for the political system of western democracy or as an equivalent term for non-governmental organizations throughout the world.

How, therefore, can we define civil society? On the one hand, it is possible to describe civil society as a space between the state, the economy and the private sphere. It is the place of social self-organization in associations, clubs, networks and non-governmental organizations. In this context, civil society refers to public discussion and debate, nonviolent conflict and mutual agreements. It is a sphere of secure autonomy, pronounced diversity and dynamism, based on the engagement of individuals and groups. In the scientific literature, one can find analyses of that form of civil society under the label of "third-sector-research". In this context, the term and definition of "volunteer work" or "honorary positions" (*Ehrenamt*) was perceived as too inflexible and rigid. In most recent research, social scientists asked about volunteer engagements in a much broader sense than is indicated by the traditional-institutional context of volunteering, as seen for example in associations, parish councils or communal parliaments (Osbourne 2008; Birkhölzer et al. 2005).

Volunteer work, for example, in initiative and project groups, in youth clubs, and in neighborhood aid was integrated into the research, too. But despite this expanded definition of voluntary engagement, one criteria remains central for understanding such work in the term of civil society: it has to serve the public good and has to be directed towards society in general, not only limited to the private-individual surroundings. For example, the individual in a private circle who volunteers to arrange a ski-trip for his friends and himself has to be

differentiated from the head of a formal and organized youth group who organizes a ski-excursion for his group. The skills and abilities practiced in the private sphere can (possibly) be transformed into important resources for creating civic engagement, but the defined boundary between private and public remains and has to be considered. The same is true for the role of the family in this intersection of public and private. The fact that the foundations of civil-societal involvement are laid in the family is rightly referred to. Generally spoken: a conveying of values, which often cannot be achieved at all in public or in the milieu, takes place in the family: "Opportunities for participation, models, and experience constellations are the things that either bestow a new vitality to the value traditions in each new generation or not" (Joas 2001: 22).[1]

The boundaries between civil society and the other sectors were disputed, too. In the sphere of the economy, not only material but also moral values are created which influence civil society and vice versa. Without trust, no enterprise in modern market society could work; without trust, civil society networks can very quickly break down. As David Hume stated,

> "The *second* kind of moral duties are such as are not supported by any original instinct of nature, but are performed entirely from a sense of obligation, when we consider the necessities of human society, and the impossibility of supporting it, if these duties were neglected. It is thus *justice,* or a regard to the property of others, *fidelity,* or the observance of promises, become obligatory, and acquire an authority over mankind. [...] It must here be asserted, that the commerce and intercourse of mankind, which are of such mighty advantage, can have no security where men pay no regard to their engagements. In like manner, may it be said that men could not live at all in society, at least in a civilized society, without laws, and magistrates, and judges, to prevent the encroachments of the strong upon the weak, of the violent upon the just and equitable. The obligation to allegiance being of like force and authority with the obligation to fidelity, we gain nothing by resolving the one into the other. The general interests or necessities of society are sufficient to establish both"
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> (David Hume 1987 [1742]).

In addition, enterprises finance foundations with their profits; these foundations act, in turn, in the civil societal sphere.[2] Furthermore, in addition to the participative element, the economic-liberal tradition of the concept of civil society has to be considered as well. Jean-Jacques Rousseau summarized the connection very clearly and critically as follows:

> "The first man who, having enclosed off a piece of land, got the idea of saying '*This is mine'* and found people simple enough to believe him was the true founder of civil society. What crimes, what wars, what murders, what miseries and horrors would someone have spared the human race who, pulling out the stakes or filling in the

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[1] For the role of the family in 19th century see Budde 2003: 62f.
[2] See Jantschek in this volume, and „Aus Politik und Zeitgeschichte", No. 14 (2004), containing several articles referring to the topic foundation and civil society.

ditch, had cried out to his fellows, 'Stop listening to this imposter. You are lost if you forget that the fruits belong to everyone and the earth belongs to no one'.

(Rousseau [1754]: online)"

John Locke, in contrast, emphasized positively that the property interests of the bourgeoisie and their pursuit of property and profit played an important role in the emergence of the concept of civil society, since this aspiration created spheres distinct and autonomous from the state (Locke 1952 [1690]: 16ff. and 50ff.). By criticizing, radicalizing and reducing these ideas in Marxist theory, civil society became to be perceived more and more as a "bourgeois society". It was the Canadian philosopher and political scientist Charles Taylor who saw in John Locke and his successors an important line of tradition for the concept of civil society (Taylor 1991: 75).[3]

Finally, it is the state – as another 'opponent' to the civil society sphere – that sets the decisive framework requirements for civil society, self-organization, civic engagement and norms. The laws governing associations and foundations, repression and persecution and abuse or protection of human and civil rights have limited or enlarged the role of civil society actors throughout the centuries. In Germany after the revolution of 1848, in a phase of reaction, worker's associations were shut down and autonomous organizational structures were dissolved. As a result of state persecution in Eastern Europe in the 1980s, civil society actors established parallel politicised structures; Vaclav Havel coined the term "parallel polis" for this situation. And, finally, the protest movement in the German Democratic Republic stated in September 1989 that the "disturbed relationship between state and society paralyse the creative potentials within our society" (Havel 1990: 72; Neues Forum 1990: 29).

These examples show that very interesting and important questions regarding civil society, civic engagement and self-organization arise exactly in such contexts where one is asking for those intersecting zones between the state, the public and the private spheres, on the one side, and civil society, on the other side – and does not postulate fixed boundaries between them.

Among others, this insight opened the way for a second definition of civil society besides that of a circumscribable, distinct sphere. In this second definition, norms and special kinds of social actions are integrated and play a central role. These norms and actions include the ability to self-organize, the acceptance of cultural diversity, an orientation towards the public good, and civic engagement and civility as form of action which clearly distances itself from violence. The existence of a political public sphere and of plural political institutions which ensure civic norms and actions are important framework requirements that civil society can be performed (Gosewinkel et al. 2004).

To reveal the traditions of the concept of civil society and to develop a broad understanding of civil society, I will place three attributes in the centre of this article: civic engagement of the individual, societal self-organization and civic norms. These perspectives

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[3] This had implications until today since in German term "*bürgerliche Gesellschaft*" is in most cases thought in these 'bourgeois' categories and not in categories of "*civil society*". That was the main reason that in Germany in the 1990s the neologism "*Zivilgesellschaft*" was coined.

will present us with the chance to locate the traditions, continuities and disruptions in the concept of civil society.

Civic engagement means that all members of a commonwealth meet as individuals to make a direct or indirect contribution to this commonwealth. This engagement is characterized by voluntary behavior, the absence of personal motives of material profit and an orientation towards the common good. However, civic engagement may include individual benefits in the form of an acquirement of knowledge and competence, the building of social networks, or other kinds of ideal rewards. Such an engagement takes place in the public sphere and is characterized by a responsibility for society. This action secures participation and integration into society. In ancient times we find this ideal in the Greek communal group, the *polis*, in which those citizens who possessed the appropriate virtues and tangible goods decided the political outcomes in their city. Only by participating for the good of the commonwealth did the citizens find a sense of completion and gratification. In a letter to Archytas around 400 B.C., Plato admonished: "It is indeed undue if the fatherland itself asks you to participate for the commonwealth and you disobey this demand" (Otto 1988: 331f.). However, according to this idea, civic engagement was by no means only a right belonging to the citizen; it was a duty he had to perform for his home country. If the citizen did not meet these demands, he could not only lose his right to participate, but he also endangered the entire commonwealth.

Compared to today's understanding of civil society, civic engagement in the Greek *polis* was exercised within the confines of the state and not outside state structures. However, it is decisive for the understanding of civil society that this citizen-republican line of thought, having its origins in the Greek political thinking and theory that "citizens decide autonomously for themselves" and "organize themselves in a free way for a political purpose…never get lost in the context of civil society", as the German historian for ideas and concepts, Reinhard Koselleck, concluded (1991: 119).

If one takes this argument seriously, one can find the demand for civic engagement in texts which in the debates about civil society are seldom perceived. The aspects of community participation and the members of the community even played important roles in late medieval reflections on the reform of the papacy and the church. In his scripture "*De concordantia catholica*", or "Catholic concordance", Nicholas of Cusa, a philosopher, theologian and bishop, wanted to strengthen the position of the council in relation to the pope. In Cusa's view, the main possibility for achieving this outcome was to elect the members of the council with secret ballots (Sigmund 1991: 187f.). His argument in favor of this procedure was that people, "if they are not integrated into the appointment of their leader", cannot be blamed responsible for the mistakes of their leaders. On the other hand, after a vote, they would know that it was at least in part their decision which led to the current state of events. Of course, the medieval clerical thinker Cusa was not interested in an extensive self-organization. What he was striving for was a great "harmony" or "accordance" between the members of the parish, the parish itself, the council and the pope. Nevertheless, this theoretical idea opened the door for wider spheres of involvement within the church and was a request to the parish members to participate within their community.

This idea was made even more explicit about hundred years later by the protestant reformer Martin Luther when he declared to the parish members that "they among themselves and by themselves should appoint and instate" only those teachers and prayers whom they think are capable and qualified for their office. In practice, however, neither author was interested in translating his ideas of participation into action. Nicholas of Cusa transformed himself into a loyal henchman of the pope as he gained power, while Martin Luther anathematized the peasants in the peasant wars of 1525 when they read Luther's own texts as call to revolt (Luther 1966: 47-55).

At the turn of the 19th century, ideas of civic engagement appear again in legal conceptions of the German municipal community and its members. In the so-called "*Nassauer Denkschrift*", a memorandum written in 1807 after Napoleonic France defeated Prussia, the great Prussian Reformer, *Karl Freiherr vom Stein*, advocated that the administration of the Prussian districts should not be led by non-local civil servants. Instead he favored the participation of citizens and property owners of the region. He argued:

"Reduction of costs in administration expenditure, which will be achieved by the recommended participation of property owners who live in the district, is in this case less important. What is much more important is the activation and stimulation of the spirit of common goods and civic mindedness (*Gemeingeist und Bürgersinn*)".

These concepts and ideas found concrete implementation in the Prussian Municipal Order of 1808, which contained principles of municipal self-administration: "Everybody who wants to be a citizen […] is obliged to keep this order alive and to promote the best of his town according to his possibilities" (Stein 1959: 394, Stein 1822: 327).

However, two fundamental differences existed compared to the ancient Greek tradition. On the one hand, in ancient Greece, it was the civic engagement for the *polis* which constituted the state itself, while in early 19th century Germany, the role and place of the municipal community within the state was debated and by no means was the municipality identical with the state. On the other hand, in the Greek *polis*, work and labor were excluded from the civil rights, while in the bourgeois and middle class society of the 19th century, property rights acquired through labor opened the way for people to gain citizen status and participate in the political events of the town.

This judicial transformation of civic engagement in German municipal law was an advancement of Enlightenment ideas of established during the 18th and 19th centuries by authors like Adam Ferguson, Charles-Louis de Montesquieu, Thomas Paine and Immanuel Kant. On the one hand, this new concept of civil society that evolved during the Enlightenment was understood as a process of civilizing, defined by a new kind of differentiation: differentiation both from nature and from barbarism. On the other hand, this civil society was a utopian project, depicting a civilization in which people could live together peacefully as responsible and mature citizens, *citoyen* and *citoyennes*. This community would consist of responsible private persons in their families and citizens in the public sphere; in both areas of their lives, they would act autonomously, freely and responsibly for society, and cooperate in associations under the rule of law without excessive legislation by an authoritarian state.

At the turn of the 21st century – enhanced, firstly, by the experiences of East European civil society movements both in and before 1989 and, secondly, by the Anglo-Saxon debate on civil society – the appeal to the virtuous, republican citizen was renewed. Social welfare states, challenged by globalization and growing expenditures for social welfare systems, were forced to remind their citizens that they had to bear responsibility for the community too. Politicians like George W. Bush and Gerhard Schröder, who in other political fields possessed totally different views, used similar rhetoric means.

In the year 2000 the former German chancellor saw the role of politics as "opening up spaces for society to govern its needs its own, and at the same time demand from each individual a contribution towards determining the course of their own lives and that of the whole society as well". Former chancellor Schröder exploited the concept to prepare the retreat of the state from its previous social tasks and duties (Schröder 2000: 207). In his 2001 inaugural speech, former U.S. President Bush called on the citizens of his country to "seek a common good beyond your comfort; to defend needed reforms against easy attacks; to serve your nation, beginning with your neighbor. I ask you to be citizens. Citizens, not spectators; citizens, not subjects; responsible citizens, building communities of service and a nation of character" (The White House 2001: online). In his speech, President Bush utilized the American "master narrative" of freedom, social advancement and self-initiative; civil society and civic engagement become a self-fulfilling prophecy and a "self-characterizing symbolism" of the nation, as the sociologist Jeffrey Alexander put it. This discursive structure can, implicitly or explicitly, be "used to legitimate friends and delegitimate opponents" (Alexander 1998: 106).

In addition to the civic engagement in the community and for the community or society as a whole, a second important dimension of the civil society concept exists. Also at the turn of 19th century, when the two concepts of civil society and state become clearly distinguished (in the German case Georg Wilhelm Friedrich Hegel became most influential), the search for institutions to mediate between state and civil society began. Philosophers, political theorists and jurists attracted attention to these "intermediate spheres". The French political theorist Montesquieu attributed this function to the nobility, as this group would, on the one hand, prevent the degeneration of the monarchy into despotism and, on the other hand, restrict the power of the regent as well as help him to enforce his power over his subjects.

In the 19th century, associations and clubs were seen as such intermediate spheres between state and society. In these types of organizations, citizens could articulate and summarize their interests and opinions and finally bring them into the public sphere. Alexis de Tocqueville reported enthusiastically about the ability of the Americans to organize themselves in comparison to the European subjects, who were governed from above (Tocqueville 1994). Out of such perceptions arose criticism and discontent. During the revolution of 1848, a German author criticized the situation in the German states in an article about "associations" in the "Popular Handbook of Political Sciences and Politics": "As long as a nation is not able to achieve the recognition of the right to associate through its definitive will, this nation cannot claim that it can use all its powers freely and cannot claim that it has left the play yard (*Laufstall*) of paternalism" (Blum 1973 [1848]: 89). Theorists as well as

members of associations attributed a special kind of quality to this civic engagement in associations. In the associations, and with help of the associations, the danger of an atomization of society would be eliminated, communities concerned about the same general interests would be built and, in this way, "social capital" could be accumulated. Not only would the individual benefit from this civic engagement in associations, but the community and society as a whole would as well.[4] Charles Taylor saw in this line of tradition, which has its seeds in Montesquieu's writings, a central basis of civil society concepts. The power and influence of the state and government had to be limited by law. This would be most successful if the creation and existence of independent corporate bodies were guaranteed and protected by law as well. In that case intermediate spheres could develop and act as independent political powers, contributing to the diversification and sharing of power (Taylor 1991: 77; Adloff 2005:29).

Participation in self-organized clubs and associations and in structures of civic engagement in different historical contexts was always combined with and thought of in normative categories as some kind of "civility" (Kocka 2007: 86, 89f.). Since the formulation of human and civil rights, complying with these rights forms a prerequisite to civil societal actions. The recognition of "the other", and for this reason the acceptance of differences, is another fundamental attribute. These values also include the insight, and acceptance of the fact, that participation has to depend on voluntariness. If this norm is violated, the individual may run the risk of falling in the "community trap", as the German essayist Richard Herzinger put it (1991: 131-146). That means that a community spirit is created and that you have only limited choice not to participate; those who do not participate are discriminated against as outsiders (Hall 2000: 51). Voluntariness, the possibility of choosing, and the acceptance of divergence of interests all mean that civil society actors do not long for a harmonic conflict-free society enforced through coercion. Rather, in the case of emerging conflicts, they look for solutions without violence, by using methods of discussion, dialogue and compromise instead. In their actions, the individual interest does not take center stage, but rather the common good. As the German philosopher of law Christian Wolff stated in 1732: "The order according to which one has to decide everything within the community is: do what promotes community and supports common security" (Wolff 1975: 163).

According to these normative and action-related aspects, civil society is a highly demanding concept – for actors as well as for scientific research. Civil societal action does not require the actors to behave like altruistic people, but it does require a high degree of integrity and virtuous behavior. In practice as well as in research, these normative inputs contain a lot of problems. Which behaviors do I still have to accept from others and which not? Who sets the limits of recognition? Are civil societal actors allowed to use force if the community is menaced? For example, in Greek ancient times, the willingness to defend the *polis* was one of the central elements of civic engagement. For thinkers of the Scottish enlightenment like Adam Ferguson and Adam Smith, it was the fight (against barbaric enemies in the Scottish highlands) that constituted civil society and helped to stabilize it: "Without the rivalship of nations, and the practise of war, civil society itself could scarcely

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[4] In general to social capital see Bourdieu 1977 and 1983: 183–198. Especially to the connection between social capital and civil society see Putnam 2000.

have found an object, or a form. […] The necessity of a public defence, has given rise to many departments of state, and the intellectual talents of men have found their busiest scene in wielding their national forces" (Ferguson 2000 [1767]: 36). Do modern civil societies have the possibility of preventing violence by 'civil' means at all? Where are private, selfish interests only disguised by a rhetoric of the common good? Or does private property and private interest not create the ability to support and advocate for the common good? Is it indeed true that the property owners advocate for the common good in order to secure their own rights, as stated above in the 'Locke line' of the civil society concept: "The great and chief end, therefore, of men's uniting into commonwealths and putting themselves under government is the preservation of their property" (Locke 1952: 71).

These questions concerning the normative implications and problems of civil society lead to another aspect dealing with self-organization, civility, and civic engagement: that of more recent research increasingly focused on the ambivalences and 'shadow sides' of civic engagement. Strong civic involvement, a dense net of associations, and a lot of volunteer activities do not guarantee stable democratic structures at all. The American political scientist Sheri Berman has illustrated this in regard to the German Weimar Republic, where mass mobilization and engagement in a lot of associations and political organizations actually weakened the political system. Civil society organizations could be infiltrated or could be used to implement selfish interests which delegitimize democracy and which ultimately encourage behaviors that stand in contrast to civic engagement. The most prominent organizations mentioned as examples in this argument are the Italian mafia, the Ku Klux Klan, an American white supremacy organization, the Italian Fascist Movement and the early Nazi Storm Troopers – all self-organized associations existing between state and society but also violating core values of civil society (Berman 1997; Kocka 2007: 89).

Another disadvantage of civic engagement, although with a much lower level of violence than in these previously mentioned organizations, has to be considered. As early as 1910 at the first German sociology congress, Max Weber expressed the view that clubs and associations, like choral societies, limit the citizen to being a person who is only interested in spending leisure time on non-political actions: "It is no wonder that monarchs have such a great preference for such events of choral societies. […] Strong, intense passions and strong acting are absent there" (Weber 1924: 445). Therefore, the paradoxical result could be that civic engagement leads to an indifference towards society.

Finally, although civic engagement means that people not only act for society but are also integrated into society, the term can also be associated with strong mechanisms of exclusion. The citizens of the Greek *polis* tacitly accepted the existence of slaves; the rate of citizen participation in German town elections in the first half of the 19th century hardly reached the ten-percent-mark, since the status as municipal citizen was linked to the requirement of being an economically autonomous citizen – workers, journeymen and servants were excluded from participation. When, in the 19th century, labor movements began to form, their contradictions became obvious, too. On the one hand, labor movements were schools for learning about a vivid democratic and civil societal culture. Discussing problems of society in meetings, organizing non-violent protests and strikes, and encouraging workers on the shop-floor level to stand up for their interests and rights were all

core elements for participation and emancipation processes of individuals and their civic engagement. On the other hand, these new organizations 'produced' their own mechanisms of exclusion as well. Until the late 19th century, labor movements were dominated by skilled male workers. Unskilled workers and women had little access to labor organizations. Dominated by a masculine culture, the meetings offered no attraction for women.[5] In addition, the whole civil society concept, in middle class and in working class terms, was thought of for a long time as a male project. Women were refused access to the public sphere; they were supposed to concentrate on their work and duties at home. The private sphere in which civic engagement was practiced and taught was not recognized as an important contribution to civil society.

Furthermore, anyone who engages for civic matters needs time and money and has to possess special skills, such as rhetorical and organizational talents, which not everyone is gifted with. The very recent heated debate about the existence of a lower class in Germany shows that civic engagement still has its clear boundaries today. In this context, the German historian Paul Nolte asks if a civil society can be constituted "only by a civic and politically engaged middle class" (Nolte 2004: 322).

One can argue against this critique on civil society by pointing out that in times in which the state and the economy increasingly penetrate our lives, the ability to organize oneself and to engage in activities on a voluntarily basis not only has to be strengthened but also has to be considered on a broader social basis. Society lived and lives from such activities. They open up plenty of opportunities, produce creativity and develop new ideas. In the best case scenario they even find answers, solutions and counter-strategies for combating the dark sides of civil society. Civic engagement and self-organization are two important characteristics of civil society and thus, all in all, two indicators that make the different facets of the civil society concept visible. First, the normative implications of civil society become apparent; second, the contradictory forms of inclusion and exclusion emerge; third, the overlapping zones of the public and private sphere can be seen. Forth, the long tradition of this concept can be analyzed; civil society did not appear as an idea only in the late 20th century.

But what becomes obvious, too, in this long tradition, is that civil society is deeply rooted in Western European thinking and political philosophy. It was the ethnologist Shalini Randeria who asked if the Indian castes could be seen in terms of civil society. This would be a challenge for the liberal western model of civil society, since membership in an association is based on the individual's free will, while belonging to a caste is not an autonomous decision. However, Randeria presents a twofold argument. On the one hand, the strict definition of participation in civil society as a free choice[6] is a narrow-minded "euro-centric and modernization-theoretical perspective". This understanding of civil society falls short of recognizing non-European forms of solidarity and self-organization. On the other hand, modern Indian castes cannot be described only as alliances created by coercion. In contrast, these castes are modern, post-colonial organizations with social integrative

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[5] See for details see Schmidt 2008.
[6] One has to add, as mentioned above, that ancient Greek and other European models of civil society and participation contained elements of duty and obligations as well.

functions. In a lot of Indian towns, castes offer schooling and public and medical services to their members, build networks for political mobilization, and organize events where the caste members can meet and discuss their interests, values und norms. All these are functions that civil society organizations have in Western traditions, too (Randeria 2004: 223-243; Randeria 2002: 248-311).

Therefore, these aspects remind us to take seriously the strong urgings of ethnologist Chris Hann for the necessity of a comparative and cross-cultural perspective in looking on civil society (Hann/Dunn 1996). This, I must confess, is beyond my limits. I have tried to present some aspects of the Western-European tradition. A transnational comparison can be one of the forward-looking aspects of discussing and analyzing civil society and civil society concepts.

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Building civic trust through public governance: Understanding government-citizen relationships in China[∗]

Trust plays a large role in civil society and public governance. It can largely reduce the cost of governance while increasing the benefits to citizens. Given the considerable role it plays in political and social life, trust receives a great deal of attention from social scientists and policy makers alike. Most of the previous studies on this topic focused on citizen's trust in government. Current debates, however, focus on the following questions: in what ways is trust accumulated? How is trust decreased and increased over time? Does governance influence the accumulation of civic trust? In order to answer these questions, we have to understand the nature and movement of trust. Here I look at these questions from a Chinese perspective.

1. The hight-low trust dichotomy and beyond

Trust, which is one of the key factors in civil society, has long been a term for understanding social actions, and has become, along with the topic of social capital, increasingly popular in a wide range of social science disciplines over the last two decades. Generally speaking, trust is the belief that others are trustworthy. It is defined as "the belief or confidence in the honesty, integrity, reliability, and justice of another person or thing." This definition from Webster's English Dictionary has been adopted by scholars to define their research (Whitney 1996: 16). A more comprehensive definition of trust from the Oxford English Dictionary states that trust has to do with "reliance," "hope," "custody," "charge/authority," and "accountability." Experts believe that the Oxford definition implies a greater significance of government-citizen relationships. The significance is that "there is more than one factor that contributes to building […] trust and when this multi-dimensional concept of trust is linked to the concept of public governance, it becomes clear that the institutions, processes, rules, regulations, the aspect of relationships between the government and the citizens, information sharing etc., impact directly on trust" (UN-DESA 2008: 5). These implications constitute the starting point of my argument.

In the field of trust studies, Fukuyama is one of the most distinguished scholars in the last two decades. His well-known argument is based on a high-low trust dichotomy which tries to build a linkage among trust, economic development, and civil society. Despite the substantial amount of criticism that has been directed towards his work, Fukuyama's dichotomy is useful for understanding the relationship between national culture and economic prosperity. He describes China as lacking "spontaneous sociability" and a civil society, as well as large, lasting economic organizations. He argues that "The character of

civil society and its intermediate associations, rooted as it is in non-rational factors like culture, religion, tradition, and other pre-modern sources, will be the key to the successes of modern societies in a global economy" (Fukuyama 1995a: 103). Regarding economic organization, he writes: "The reason for the relatively small scale of Chinese business is the centrality of the family in Chinese culture." According to his understanding, Chinese society has "weak voluntary associations because unrelated people have no basis for trusting one another," and "the essence of Chinese Confucianism is the elevation of family bonds above all the social loyalties" (Fukuyama 1995b: 28f.).

Fukuyama is obviously a cultural determinist. He takes trust as an independent variable *per se.* He thinks that trust reflects enduring cultural norms which should be explained in terms of irrational rather than rational values, and that levels of trust are a given rather than subject to change. Paradoxically, when he considers the "crisis of trust" in high-trust societies, Fukuyama seems beyond himself. In his later work, *The Great Disruption: Human Nature and the Reconstitution of Social Order*, he shifts his opinion of considering trust as an independent variable to a dependent variable. In the article he states: "Social norms that work for one historical period are disrupted by the advances of technology and the economy, and society has to play catch-up in order to establish new norms" (Fukuyama 1999: 59). His explanation of "the Great Disruption" logically contradicts his previous work on trust.

Furthermore, high-trust or low-trust within and without a group may often be paradoxical. As Portes demonstrated, "the same strong ties that bring benefits to members of a group commonly enable it to bar others from access" (Portes 1998: 15). Thus, it is not only family ties that can be an obstacle of spontaneous sociability, but also ties to other groups can have a similar effect. This is a general phenomenon and not simply a characteristically Chinese situation. Therefore it is doubtful that familism plays as large a role as in Fukuyama's estimation. Consider Fukuyama's conjecture about Chinese reform. He says: "the reform was, in another sense, simply the restoration of older Chinese social relationships" (Fukuyama 1995: 94). But Dali L. Yang's specific study shows us that, "reform---specifically the introduction and adoption of the household responsibility system---was the outcome of dynamic struggles and interactions between state and society under constraints imposed by the past" (Yang 1996: 245).

The way of out of Fukuyama's paradox is not hard to find if we consider cultural factors carefully. Cultural factors can be used as independent variables, as long as we are aware of the challenges that come with them. For example, we can use cultural factors as independent variables when trying to explain the circumstances of institutional change and performance, but we must be aware of the limitations of cultural explanations. As Ezra F. Vogel reminds us, there is a paradox in the explanation of the relationship between Confucianism and modernization in cultural determinism. From Max Weber to the present writers, parallel explanations of Confucianism co-exist; both accounting for the success of modernization in China and for understanding China's lagging behind in economic development. Therefore, "situational factors" should be taken into consideration when we use

culture as an independent variable (Vogel 1991: 83f.). In terms of Fukuyama's paradox, if we would like to explore factors which affect high or low levels of trust, then we must consider "situational factors" beyond culture. Trust as a form of social capital is "created or destroyed as (the) by-product of other activities" (Coleman 1990: 317).

What then leads to the distrust (or low-trust) in Chinese civil society? There are different approaches to interpret, such as psychological and behavioral studies, rational choice and game theory studies, historical and structural studies, cultural and sociological studies, and so on. Since 1980s, anthropologists and sociologists have conducted much research on the topic of trust and have developed a dominant concept: social capital. This concept is very helpful in the understanding of the nature of trust. Many studies consider the distrust in Chinese society as a cultural phenomenon, following the sociological approach, but the paradox, as Vogel reminds us, still remains. For a better understanding of trust within the discourse of social capital, we have to go back to James Coleman's classic explanation.

2. Views of trust within the discourse of social capital

Having borrowed the idea from economists, James Coleman drew explicit distinctions between social capital and other forms of capital such as physical capital, human capital, and so on. Following the development by James Coleman, the concept has become overwhelmingly accepted by social scientists.[1] It was Robert D. Putnam who successfully applied the idea of social capital to the practical fields of public governance. In his case study of regional Italian government, he explores the origins of effective government. Francis Fukuyama applied the concept to explore the connections between economics and culture. He argued that the reasons for differences in industrial structures have less to do with the level of development than with a key cultural character: social capital.

Although there are differences amongst leading scholars in their conceptions of social capital, trust is undoubtedly one of the commons elements to all. Coleman points out:

> Social capital "is created when the relations among persons change in ways that facilitate action. ... (A) group whose members manifest trustworthiness and place extensive trust in one another will be able to accomplish much more than a comparable group lacking that trustworthiness and trust" (Coleman 1990: 304).

> "Two elements are critical to this form of social capital: the level of trustworthiness of the social environment, which means that obligations will be repaid, and the actual extent of obligations held" (Coleman 1990: 306).

Both Putnam and Fukuyama consider "trust" to be one of the most important components of social capital. According to Putnam, social capital means "features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions" (Putnam 1993: 167). In Fukuyama's words, social capital means "the component of human capital that allows members of a given society to trust one

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[1] About the origions and definitions of social capital, see Coleman (1990, 300-304). And see Robert D. Putnam (1993, 241, note 20) as well as Alejandro Portes (1998).

another and cooperate in the formation of new groups and associations" (Fukuyama 1995a: 90; Fukuyama 1995b: 26).

Both Putnam and Fukuyama accept Colman's stress on the function of trust, and apply Coleman's abstract concept of social capital into real world situations. In Putnam's account, differences in civic life play a key role in explaining institutional success. Communities in northern Italy, with a social fabric of trust and cooperation, supported the success of democratic performance, while Southern Italy, with a culture of distrust, did not (Putnam 1993: 15 and 178). Fukuyama does not emphasize public governance, but instead, in his studies on social virtues and the creation of prosperity focuses on the effects of trust. He believes that social capital stems from trust, which can reduce transaction costs and make economic life more efficient (Fukuyama 1995a, 90).

However, later arguments on social capital greatly challenged the previous viewpoints on the nature of trust.[2] These ongoing arguments can be put into different dialectics set apart from the previous ones:

2.1 Rational vs. Irrational

The first controversy around social capital，which involves in the nature of trust, is whether trust is rational or irrational. Fukuyama claims that "social capital, which is practiced as a matter of a rational habit and has its origins in 'irrational' phenomena like religion and traditional ethics, would appear to be necessary to permit the proper functioning of rational modern economic and political institutions - a fact that has interesting implications for the nature of the modernization process as a whole" (Fukuyama 1995b: 325). Robert W. Jackman casts doubt on this claim, and argues that this "was not the intent of social capital theorists" such as Granovetter and Coleman, who "explicitly embedded social capital in a rational-choice framework" (Jackman and Miller 1998: 50). In fact, Coleman himself asserted that he developed a conceptual framework for social theory based upon rationality. According to him, "the conception of social capital as a resource for action is one way of introducing social structure into rational action paradigm." Coleman uncovered the mysterious nature of trust after he examined three forms of social capital. Trust is composed not only of obligations, but also of expectations and public goods. He concluded in his very first paper on social capital that:

> "In explicating the concept of social capital, three forms were identified: obligations
> and expectations, which depend on trustworthiness of the social environment,
> information-flow capability of the social structure, and norms accompanied by sanctions.

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[2] Jackman and Miller mounted their challenge by rethinking the resurgence of political culture arguments (see Jackman and Miller 1996 and 1998). Margaret Levi began to examine the relationship between social trust and political trust (see Levi 1996 and 1998). John Brehm and Wendy Rahn re-examine the causes and consequences of social capital through individual-level evidence (see Brehm and Rahn 1997).. Alejandro Portes reviewed the origins of definitions social capital and the consequences of social capital effect (see Portes 1998). And Michael Foley and Bob Edwards classified recent literature according to other conceptions of social capital (see Foley and Edwards 1998).

A property shared by most forms of social capital that differentiate it from other forms of capital is its public goods aspect: the actor or actors who generate social capital ordinarily capture only a small part of its benefits, a fact that leads to underinvestment in social capital." (Coleman 1988).

Different views of trust as rational or irrational highlight the differences existing between rational-choice new institutionalism and other new institutionalisms, especially the sociological school of thought. Russell Hardin's vantage point is extremely different from the point of view of the sociological school. He insists on a very typical view of rational choice theory. (Hardin 2002: 7). The term "encapsulated interest," which is at the core of his definition of trust, means (1) trust is generally a three-party relationship, (2) trust is a cognitive notion, (3) acting on trust typically involves risk, (4) expectations involved in trust must be grounded in the expectations of the persons involved, (5) trust and trustworthiness are subject to the larger context (Hardin 2002: 7). Russell Hardin taking "encapsulated interest" as elements of trust sets up one of the milestones for the study on trust.

2.2 Endogenous vs. Exogenous

The second controversial question, which has to do with the generation of trust, is whether trust should be treated as endogenous or as exogenous. Both Putnam and Fukuyama believe that interpersonal trust is something that is built up by citizens from below, through the culture that permeates the networks of civil society. Because of this sociological focus, political and institutional factors have sometimes been lost sight of. Jackman and Miller examined social capital studies in the 1990s and found that it mostly "reflects enduring cultural norms that cannot be explained in terms of rational values. Further, these norms serve as the key exogenous factors in generating economic and governmental performance" (Jackman and Miller 1998: 50). In contrast, they believe that trust is not exogenous, but created. It is created within the structure of the institutional situation, and treated as a by-product of organizations, as well as generated by political institutions. Margret Levi proposes that institutions can both restore and undermine levels of interpersonal trust. She also details the institutional arrangements that make government agents trustworthy, and concludes: "Instituting fair procedures and ensuring credible commitments enhance a government's trustworthiness, which in turn contributes to citizen compliance and ethical reciprocity" (Levi 1996; see also Levi 1998). John Brehm and Wendy Rahn even postulate, "confidence in government could be a generation of interpersonal trust, or an extension of trust in authority figures personally closer to oneself." "The reverse connection (from confidence in government to interpersonal trust) is possible as well" (Brehm and Rahn 1997: 1003).

Jackman and Miller demonstrate the distinctions between these two explanations. They point out, "considering trust endogenous allows us to ask which arrangements provide incentives for trust. Considering trust exogenous, however, means that we take levels of trust as given and not subject to change in the short-to-medium term" (Jackman 1998: 51). In fact, considering trust as endogenous or as exogenous actually reflects whether we take it to be a cultural or structural phenomena. Trust as endogenous or exogenous reflects the different

viewpoints on social capital between sociological new institutionalism and historical new institutionalism.

2.3 Positive vs. Negative

The third controversial question in the debate, which involves the function of trust, is whether trust simply has positive consequences or if it also has negative consequences. Most early literature on social capital strongly emphasized its positive consequences. Putnam takes social capital to be the property of communities and thus believes that those communities with healthy stocks of trust perform better than those with weak stocks. For example, Putnam describes the civic communities in northern Italy, which are "marked by an active, public-spirited citizenry, by egalitarian political relations, by a social fabric of trust and cooperation." He contrasts this to southern Italy, where "forces and family provide a primitive substitute for the civic community, ... cursed with vertically structured politics, a social life of fragmentation and isolation, and the culture of distrust" (Putnam 1993: 15 und 178). Fukuyama describes a similar situation when he compare high-trust societies and low-trust societies: "Trust can dramatically reduce what economists call transaction cost - cost of negotiation, enforcement, and the like - and makes possible certain efficient forms of economic organization that otherwise would be encumbered by extensive rules, contracts, litigation, and bureaucracy" (Fukuyama 1995: 90).

However, one cannot neglect that trust has a negative side. Challenges to the one-sided view of trust by Putnam and Fukuyama come from both within and without the social capital school. As we have seen, trust is the key element of social capital. Characteristics of social capital reflect a certain nature of trust. Some later studies on social capital, after Putnam and Fukuyama, show us that trust has negative consequences. Alejandro Portes summarizes the negative consequences of social capital into four aspects: "exclusion of outsiders, excess claims on group members, restrictions on individual freedom, and downward leveling norms" (Portes 1998: 15).[3] Protes' point on negative consequences is about social capital in general. Working with his theory, we can postulate the negative consequences of trust: First, high-trust among members of a group (e.g. community) can produce low-trust to those outside the group (e.g. society). Second, high-trust in an organization may produce free-riders; Third, since trust is based upon "subordinat[ing] individual interests to those of larger groups," (Fukuyama 1995: 10) members' trust in certain groups may reduce their own individual autonomy. Fourth, trust in a certain community with an asymmetrical benefit system may undermine the expectations and rewards of its members.

Challenges come even more from outside of the social capital school. John Dunn warns that: "The claim that trust is central to the understanding of political action needs to be stated with some care." He names Louis XIV regime and so on, and then argues that they "have sought to present their own putatively legitimate political authority as founded in fact upon the profound and pervasive trust of its faithful and law-abiding subjects" (Dunn 1988:

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[3] The detailed explaination can be seen on Portes 1998: 15-18. Coleman did involve some problems confronting to relations of trust (see Coleman 1990).

73). Diego Gambetta tells us that a unilateral belief in blind trust can be damaging because "to protract trusting moves in the face of another's defection could lead to disaster rather than cooperation" (Gambetta 1988: 228).

No matter if the challenges come from within or without the social capital school, the negative consequences of trust is a topic which cannot be evaded. As Portes points out: "Whereas bounded solidarity and trust provide the sources for socioeconomic ascent and entrepreneurial development among some groups, among others they have exactly the opposite effect." They can be the source of public goods, and can also lead to public "bads" (Portes 1998: 18). Recognizing the negative consequences of trust means we must acknowledge its nature as public good and consider its character a by-product.

Understanding different interpretations of the concept of trust, above all, allow us to consider the nature of trust and to understand its movement. Discussions regarding the subject of rational and irrational can help us to evaluate the nature of trust in Chinese society. Discussions regarding the topic of endogenous and exogenous help us to think about how to recreate trust in China.

3. Disruption and "De-trust" in China

3.1 Perspectives on the study of trust and governance

Fukuyama is one of the leading scholars who conduct studies on trust, however, he does not focus much on governance. The question of what elements lead to distrust (or low-trust) in China still remains

Various explanations have been put forward, since entering the 21st century, despite the fact that not many students apply concepts of trust to governance analysis at the beginning stages of trust studies. Among the many students in Chinese studies who have tried to explain trust and governance in China, those versed in new institutionalism have been particularly successful.

The explanations provided by new institutionalism can be divided into three general categories: historical institutionalism, rational choice institutionalism, and sociological institutionalism.[4] In fact, in a long standing argument, the "chicken and egg" debate on culture, structure, and action has fallen into dire straits, because they interact with each other in the real world. Exchange between different new institutional approaches should be taken, as Peter Hall suggested, when we try to explain trust movement during social capital production and accumulation processes. In this paper, I seek to develop a theoretical framework which draws upon both the historical and rational choice institutional approaches,

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[4] The early stage of the clarification can be found in Putnam (1993). Further description of the debate among these three schools of thought can be seen in Koelble (1995). Up to Hall and Taylor clearly clarified, and the suggestion of seeking interchange among them has been put forward, (see Hall and Taylor 1996).

combined with a sociological approach, in order to put forth an explanation of trust and governance in China.

The state to society relationship is the backdrop for studying trust and governance. With regards to creating an effective and efficient institution, Chinese governance largely depends on the historical traditions and cultural characteristics of its society. Social capital plays an important role in China because of its long history and culture, as well as stable social structure. After the Reform and Opening to the Outside World, the state gradually began its transformation, which helped civil society to regenerate, a market economy to develop, and a transformation of the social interest structure. China's transition to a market economy has been colored by an incremental approach to the reform. It has been a kind of "dual-tract" transition in which the state tract and the non-state tract co-exist and develop simultaneously. Therefore, alongside the formal structure and institutions, informal institutions and rules, such as trust, norms, and networks, play an important role in state-society relations.

Understanding trust and governance is to understand government-citizen relationships. While literature on governance and trust commonly assumes that citizens must trust the government if government is to work well, Russell Hardin finds room for doubt "Do we want trust in government?" He approaches this doubt from several perspectives. At the core is the definition of trust, yet other dimensions are the knowledge of citizens to make choices, a citizen's competence to assess his own interests, and to evaluate politicians, public policies, and agencies (Waren 1999; see also Hardin 2002). His brilliant ideas on "encapsulated interest" enlighten us as to the understanding of citizen trust in government. He leaves almost no space for doubt in his argument. Fortunately, Hardin leaves another perspective for us to explore in trust and governance. He sums up two quite distinct causal issues in the analysis of trust and government: A) the effect of an orderly government on individual trust, and B) citizen trust in government itself. This paper is trying to address the first of the concerns; to analyze citizens' trust in other citizens as a result of governmental institutions and polices, and to assess the role that institutions play in shaping people's preferences and choice-making.

According to James Coleman's conventional analysis of social capital, obligations and expectations, which make up the main structure of trust, "depend on trustworthiness of the social environment, information-flow capability of the social structure, and norms accompanied by sanctions." Institutional factors, such as "closure," "stability," "ideology," and "other factors" are very important in shaping a person's preferences. These factors themselves are "the consequences of individuals' decisions [that] help create or destroy social capital," and therefore, trust (Coleman 1988: 119; Coleman 1990: 318). In order to explain trust and distrust in Chinese society, I consider these factors to fall into one of two categories; destruction of social capital by "Great Disruption," and "de-trust" by institutional factors.

3.2 Destruction of Social Capital by the Great Disruption

While the term "the Great Disruption," was coined by Fukuyama, it was James Coleman who first used the term "disruption" for describing the "destruction of social capital." He wrote: "Disruptions of social organization or of social relations can be highly destructive to social capital" (Coleman 1990: 320).

To define the Great Disruption, Fukuyama quoted Alvin Toffler's three waves of social transitions: (1) from hunter-gatherer to agricultural societies, (2) from agricultural societies to industrial ones, and (3) from industrial societies to the information age, or the post-industrial era. Fukuyama realizes that the shift to the information age has brought about dramatic changes. They have occurred over a wide range of countries, and all appeared at roughly the same period in history. "Social norms that work for one historical period are disrupted by the advances of technology and the economy, and society has to play catch-up in order to establish new norms" (Fukuyama 1999: 59). It is this rapid change that breaks bonds of trust. Rapid changes break not only bonds of interpersonal trust, but also disrupt people's trust in institutions. This means that the Great Disruption can lead to not only a "crisis of trust," but also a "crisis of legitimacy." Lipset argued similarly that "crises of legitimacy occur during a transition to a new social structure, ... [they] are primarily a recent historical phenomenon, following the rise of sharp cleavages among groups which are able, because of mass communication, to organize around different values than those previously considered to be the only acceptable ones" (Lipset 1981: 64f.).

Compared to the countries Fukuyama is concerned about, China has a much more complicated situation with regards to the transition through which it is presently going. When the People's Republic of China was founded, 90% of the Chinese economy was based on agriculture and the handicraft industry (Mao 1991: 1430). By the end of the 20th century, scholars claimed that "we can no longer assume that agriculture defines the nature of the Chinese economy" (Tu 1993: VIII). In 2007, 44.9% of Chinese people lived in towns and cities, and only 55.1% of the population lived in the countryside (National Bureau of Statistic of China 2008: 52). It is truly a "great disruption" of social and economic structure, and after only 60 years of the establishment of the People's Republic of China. Today, computer technology, the Internet, and so forth are developing so rapidly that quite a number of Chinese, the people in cities and towns, as well as some of the inhabitants of the country, can share information with others all over the world. Statistics show that by the end of 2008, there were 298 million internet users in China (Huanqiu 2009). Consequently, "the Great Disruption" of social values and cultural norms must be recognized. An empirical study conducted by Chinese scholars shows that trust is not only a cultural heritage, but is highly related to social institutions and technology (Ke and Zhang 2003: 15). Change in social institutions and technology influences the movement of social capital, and therefore, trust.

Without any doubt, the "Confucian ideal was eminently appropriate for an agrarian society but was detrimental to the development of commerce and industry" (Pye 1991: 34). It is extremely difficult for traditional Chinese Confucianism to compete with the dramatic

changes taking place. Nevertheless, as a form of social capital, traditional trust, with respect to Chinese Confucianism, is a by-product of agricultural society, and is therefore being destroyed. However, Chinese Confucianism is in the process of transforming itself,[5] (see Tu 1985) in much the same way that Puritanism did in an earlier era in the West. Although Fukuyama admits that society will catch up and establish new norms, he refuses to recognize the transformation of Confucianism.

Unfortunately, Fukuyama's assessment of the nature of Chinese Confucianism exaggerates the low-trust characteristics of traditional Chinese culture, and his analysis of Confucianism is based on Weber, hardly an authority. He underestimates trust in Chinese Confucianism. In the classic work by Confucius, *The Analects*, trust (or good faith, in Chinese, 信"xin") is an important concept. Confucius took four subjects for his teaching: "culture, conduct, loyalty, and good faith" (Confucius 1993: 26). Good faith, "*xin*," appeared more than 40 times in *The Analects* (Hall and Ames 1987: 41) a book which only consists of 500 short pieces. Consequently, after Mencius, trust became one of the five basic ethical principles along with humaneness (in Chinese, 仁"*ren*"), righteousness (in Chinese, 义"*yi*"), ritual (in Chinese, 礼"*li*"), and wisdom (in Chinese, 智"*zhi*"). The five principles are the core values of Confucianism. We have to be aware that "*xin*" is mainly a virtue for friends rather than family members, and that it does not apply to strangers (Shi-Hexing 2000). Fukuyama mentions "the five cardinal Confucian relationships" in traditional China, but he seems not aware of the five basic ethical principles. Therefore he focus more on "*li*" than "*xin*."[6] Contrary to Fukuyamas view that low trust in China has its roots in the nature of Confucianism, let us consider an alternative view in which low trust is the consequence of social capital's destruction during the process of "the Great Disruption."

Two questions arise from this alternate viewpoint: (1) If the original trust form found in Chinese Confucianism were restored, would Chinese society become a high-trust society (2) Would the original form of social capital in Confucianism create effective governance in contemporary China? I would not say so. Re-structuring is not equal to restoring. The original Confucianist trust, without changing its contents and forms, cannot improve the effectiveness and efficiency of modern governance, nor foster civic life in China. According to Weber and his followers, traditional Chinese trust is a particularistic trust dependant largely on Guanxi, while modern trust is more universal, mainly dependant on society's contract with laws. Frankly speaking, the original trust in Chinese culture was tied to ideas of righteousness. Confucianist trust is based on pure ethical value divorced from considerations of self-interest; modern trust is related to one's advantage. Modern trust carries not only obligation, but also expectancy. In this form of social capital, "obligations will be repaid, and the actual extent of obligation held" (Coleman 1990: 306). Chinese Confucianism needs a creative transformation. The function of trust in Confucianism should be strengthened in its capacity to introduce and maintain reciprocity among individuals and associations, as well as between

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[5] This is beyond the discussion of this paper.
[6] Moreover, both the five cardinal Confucian relationships and the five basic ethical principles have been destructed since the May 4th movement.

government and citizen. 'Social capital depreciates if it is not renewed' over time.(Coleman 1990: 321). In Confronting "the Great Disruption," traditional Chinese Confucianism has to catch up in order to reconstruct trust.

3.2.1 De-trust" by Institutional Factors

Studies show that trust places one's self at risk. Luhmann formulates the problem of trust as a risky undertaking (Luhmann 1979: 24-26). Coleman believes that situations "involving trust" constitute a subclass of those "involving risk." He states, "They are situations in which the risk one takes depends on the performance of another actor" (Coleman 1990: 91). Jackman and Miller explain Coleman's argument as follows: "Decisions to trust are based on weighing the potential gain (broadly defined) if the trustee is trustworthy against the potential loss if the trustee is not" (Jackman and Miller 1998: 53). If the situation is the opposite, in which trustee is not trustworthy, then trust can be lost.

Institutional factors play a very important role in situating trust relations. Contexts of social and political life can produce and sustain trust, as well as destroy it. The fragility of trust depends on the context in which trust is situated. In Thomas Schelling's words, institutional agency in the wrong context is able to "spoil communication, to create distrust and suspicion, to make agreements unenforceable, to undermine transaction, to reduce solidarity, [and] to discredit leadership" (Schelling 1984: 211). "De-trust" will happen if institutional factors such as institutional arrangements, institutional change, and institutional performance make the situation untrustworthy.

Although Fukuyama did not recognize the Great Disruption when he cast low-trust as an enduring culture in China, he did recognize the structural factors which destroyed trust. "The political history of this century has reinforced that feeling: two revolutions, warlordism, foreign occupation, collectivization, the insanity of the Cultural Revolution, and then de-collectivization after the death of Mao have all taught the Chinese peasant that nothing is certain in the political environment" (Fukuyama 1995: 94). This is the risk situation which Coleman described, and is why Deng put great effort to assure that his policies would be more lasting. His efforts have been effective during last 30 years. If we take trust seriously, it will not be difficult to find that some low-trust aspects of society in transitional China are the result of unstable factors in past political, economic, and social arenas, rather than the nature of Confucianism.

Just like it happened all over the world, despite the historical reasons, bureaucratic behavior and corruption in China are also important factors destroying trust in Chinese society. As Deng Xiaoping himself described at the beginning of 1980s, harmful bureaucratic manifestations include the following:

> ... standing high above the masses; abusing power; divorcing oneself from reality and the masses; spending a lot of time and effort to put up an impressive front; indulging in empty talk; sticking to a rigid way of thinking; being hidebound by convention; over-staffing administrative organs; being dilatory, inefficient an irresponsible; failing to keep

one's word; circulating documents endlessly without solving problems; shifting responsibility to others; and even assuming the air of a mandarin; reprimanding other people at every turn; vindictively attacking others; suppressing democracy; deceiving superiors and subordinate; being arbitrary and despotic; practicing favoritism; offering bribes; participating in corrupt practices in violation of the law; and so on (Deng 1983: 310).

Historically speaking, trust in China has suffered greatly from institutional factors. All of these factors have made the transaction cost so high that very little can be done spontaneously by society; consequently Fukuyama finds it hard to find "spontaneous sociability." So it is clear that citizen's trust is a product of government institutional arrangements and policy processes. Reconstruction of civic trust requires the reform of public governance.

4. Roles of public governance in civic trust-building

4.1 'Bringing the State back in' to civic trust

Over the last two decades, theorists and practitioners have tried very hard to explain trust-governance relations. Unfortunately, the most attention is focused on the influence of trust on governance, not vice versa (For example: Putnam 1993; OECD 2000; DESA 2007; United Nations 2008; DESA 2008). Furthermore, trust logically contains both vertical and horizontal implications. Trust in government is a vertical direction, while trust among citizens is a horizontal one. In contrast to vertical political trust, which is the citizen's trust in government and other political institutions, and one of the mechanisms of state legitimacy, horizontal civic trust is one of the mechanisms of civil society. It functions as the solution to dilemmas of collective action and public order. The relationship between public governance and horizontal civic trust is one of the dimension which cannot be neglected.

Generally speaking, trust involves expectations, obligations, reciprocity, and risk. The environment created by public governance has implications in all of the elements involved in trust. We have to take public governance seriously to examine the dynamics of trust, and the relationships between trust and governance. It is common knowledge that civil society is located between the family and the state. It is the arena where the private becomes public; the social becomes political. It is where values are formed and expressed, and also interests are articulated in public   (Hyden et al. 2003: 3). Trust within civil societies depend largely on state factors, not merely on family tradition, as Fukuyama once put it. Subsequently, building civic trust is not only a cultural problem, but also depends on the ways in which governance affects the changing face of trust and the performance of the civic association mechanism. The appropriate functioning of general principles in public governance such as impartiality, lawfulness, transparency, and accountability, all "providing the guarantees and suitable incentives for ethical behavior," (OECD 2000: 43) can also provide favorable circumstances for the development of trust.

Debates over civic engagement   and civic trust have focused too exclusively on social determinants for years. This "de Tocqueville/Putnam model" has warped the study on the dynamics of trust. On the one hand, compared to in de Tocqueville's time, government is becoming vastly larger and more powerful, and has a far broader and deeper impact on its citizens today. On the other hand, not all people belong to civic organizations. The dynamics of civic trust from social organizations has its limits (Newton 1999: 171ff.) .It is worthwhile to notice that "government fosters political learning among citizens through a myriad of policies." Now it is time to "bring the state back in" to the study of civic life. As it has been seen, "the role of the state in the promotion of social or generalized trust is one of the most important ongoing topics in social capital research." A number of theoretical works have posited the connections between the state and social trust, and there are some empirical studies that have tested the influence of the state and public institutions on the development of social trust (Mettler 2002: 363; Rothstein 2000; Carroll 2001: 32; John and Chathukulam 2002; Farrell and Knight 2003, Herreros and Criado 2008).

Theoretical studies of trust-producing mechanisms show that trust is produced in at least three ways. "Process-based trust" is tied to past experience and by reputation, "characteristic-based trust" is produced by cultural similarity, and "institutional-based trust" is produced by institutional structure and mechanism. According to Lynne Zucker, "institutional-based trust" is vital because it can build a more stable trust. (Zucker 1986). Jackman and Miller account for Coleman's idea that generations of trust is not always a conscious effort: "Social capital is a public-good by-product of organizations." As the organization continues to provide benefits for individuals, "it builds a reputation for being trustworthy, providing in the process a feedback mechanism that enhances trust" (Jackman Miller 1998: 55). Trust does not involve rational calculation of a tit for tat nature, but is based upon the notion that good turns will be repaid at some point in the future. It involves the accumulation and updating of experience as well as modification of trust or distrust according to event (Newton 1999: 171). Without an institutional environment to reduce risk, meet expectations, build reputation, and establish reciprocity, no mechanism can be created to enhance trust. It is obvious that social capital theory needs to fill the hole of trust building left by Fukuyama and others.

Evidence in established democracies shows clearly that political institutions and leadership may have important consequences for the development of social capital (Newton 1999: 186). An empirically study on the welfare-state shows that institutions have a capacity for both making and breaking social capital; "some types of welfare-state programs and institutions can be seen as investments in social capital, whereas other welfare-state designs function in exactly the opposite way." It depends on how they are designed. Therefore, if governments want to invest in social capital, "it is the quality of political institutions that must be increased, not least those that are responsible for the direct implementation of policies" (Kumlin and Rothstein 2005: 342 and 362).

Evidently, public governance is an outcome of social trust. Peter Evans，a famous scholar in the school of "bringing the state back in," points out: "Creative action by

government organizations can foster social capital; linking mobilized citizens to public agencies can enhance the efficacy of government" (Evans 1996: 1130). In the real world, there is now an increasing demand for greater citizen-government synergy in public governance. The World Economic Forum Trust Survey of 2006 confirms the demand. (DESA 2008: 6). Seeking government-citizen synergy is the key to reconstructing civic trust in contemporary China. Trust depends upon certainty and security of expectation. "The state can affect the citizen's expectations about other people's trustworthiness by acting as a third-party enforcer of agreements" (Herreros and Criado (2008): 55). Therefore, while "bringing the state back in," we can find a new approach---improving public governance---to rebuild civic trust.

4.2 Building Civic Trust in Contemporary China

As we have seen, governance plays a large roll in creating social capital and building civic trust. "The deficiencies of governance are at the root of many of the strands of the problematique and hence improved governance is an essential aspect of the resolutique" (King and Schneider 1991: 137-138). Appropriate functioning of general principles in public governance, such as impartiality, lawfulness, transparency, and accountability "providing the guarantees and suitable incentives for ethical behavior," (OECD 2000: 43). can also provide institutional circumstances for trust movement. It is the social responsibility of government to build civic trust. The role government plays in trust-building depends on the style of governance. Governance in China is in a transitional period. With the development of market economy, China has encountered many problems of governability along the way and yet has incrementally overcome them one by one through the Opening Up policy. Accordingly, trust movement in China has been a process from "de-trust" to "en-trust" in its political development. Institutional factors have been playing a more and more important role in re-building trust while innovating in public governance.

New directions can be found in public governance in China in the 21 century, the first of which is creating public values with social harmony. Public values are crucial to civic life, which sits between the family and the state. Civic life "is the arena where the private becomes public; the social becomes political." It is where values are formed and expressed, and interests are articulated in public (Hyden et al. 2003, 3). Public value formation is not merely a culture problem. Public governance can create public values by public sector production, such as the establishment of clean parks, making individuals feel secure and confident about the future, etc., as well as "by establishing and operating an institution that meets citizen's (and their representatives') desires for proper order and productive public institutions" (Moore 1995: 53). Although there was no distinction between public and private in the past years of economic planning, the demarcation line is gradually becoming clearer as China progresses towards a stable market economy. Therefore, trust with "encapsulated interest" is being created. With the growth of the private and service sectors, positive management values focused on serving the consumer have begun to influence the public sectors. Well-defined public sectors go hand in hand with well-ordered society. They are essential in advancing public value and fostering civic trust. To build a well-ordered society,

the ruling party and government must advocate harmonious relationships in the whole of society. Major strategies towards building social harmony, a fair and just society, and for sustainable social and economic development have been made since 2006. Since the goal of a harmonious society was set up, fair, efficient, and accountable public governance have become the desires of the citizens. To meet these demands, the Chinese government brought a series of administrative reforms into effect. A new outline for deepening administrative reform was settled in 2008 in order to help the government better manage economic and social development.

The second new direction in public governance in China is the provision of good governance with accountability. It is clear that good governance stimulates civic trust, while corruption hampers it. Governance is not about large or small government, but "for the role of public, private, and nonprofit sectors in managing the common aspects of the lives of citizens" (Nye et al. 1997: Px). Good governance can keep balance between mutual expectations and self-interests, and can therefore match the shared expectations of citizens. Good governance fosters good civic life: civic trust, civic engagement, civic discourse, and civic culture. With the goal of a service-oriented government, China is preparing a relatively perfect administrative system for the year 2020, featuring standardized behavior, coordinated operation, fairness and transparency, and honesty and high efficiency. For instance, the Regulations on Government Disclosure of Information were approved by the State Council on January 17, 2007 and has taken effect on May 1, 2008. The aim is to ensure that citizens can obtain government information by lawful means, and increase government transparency. As well, promoting the Rule of Law has been an important agenda in the Chinese government for years. The government is laying greater stress on the understanding that building a government under the rule of law is essential for the overall implementation of the fundamental principle of governing the country by law. The latest development of good governance in China is accountability. The concept of accountability took shape in 2003, when the minister of health and mayor of Beijing were fired for negligence in relation to the spread of SARS. (*China Daily* 2005). The accountability system has since become more strict, step by step. New rules for officials' accountability, adopted in May 2009, strengthen the system against corruption, build a clean government and improve officials' conduct. It is worthy of mentioning that an award program for "Innovation and Excellence in Chinese Local Governance" was set up in 2000, to pursue good governance in China. In 2008, a measurement framework appeared in China which covers twelve dimensions including civic participation, human and civic rights, rule of law, legitimacy, social justice, social stability, openness of government affairs, administrative effectiveness, accountability, public service, and government cleanliness (UNDP 2009: online). All these measures, promoting good governance, support trust-building in China.

The third new direction is promoting civic organizations with self-governance. Without a doubt, there is a strong relationship between trust and civic organizations. A worldwide approach to building trust is promoting civic organizations. In order to help citizens to practice self-management, self-service, self-education, and self-oversight, the Chinese government

has been careful to improve self-governing organizations over the last 20 years. Statistics shows that the number of civic organizations, which include social organizations, noncommercial enterprises, and foundations, have increased dramatically in China during the last two decades. The number of civic organizations registered with the Ministry of Civil Affairs was only 4,446 in 1988. By the end of 2000, there were 153,322 civic organizations registered with the Ministry. By the end of 2008, the number reached to 414,000. (Chinese Government 2009).[7] Alongside registered organizations, the number of grassroots associations has also increased year by year to reach 758,700 in 2004. Some researchers believe that the actual number of total grassroots associations might be even higher. Grassroots associations are playing a more and more important role in Chinese civic life (Gao and Yuan 2008: 160). With alternative ways in which public products and services are available, the development of civic organizations in China has shifted the nature of social relations, and promoted the level of civility, trust, and cooperation. In addition, China has persevered in the development of grassroots self-governing communities for years. To build a harmonious society, China now pays special attention to self-governance among villagers and urban residents alike. It is hoped that new types of well managed communities featuring civility and harmony will be built. Empirical research in rural China shows that, with many respects to formal as well as informal institutions, the quality of Elite-Mass relationships play a large roll in trust-building. Melanie Manion suggests that the "democratic quality of Chinese village elections may, as theory leads us to expect, promote real trustworthiness as well as trust" (Manion 2006: 304, 318f.).

The final direction found in public governance in China in the 21 century is the engagement of citizens in public life with civility. Good public governance can not only make government itself trustworthy and enable civic organizations to promote social trust, it can also promote trustworthiness in citizens in civic life. A publication based on the 7th Global Forum Workshop on "Building Trust Through Civic Engagement" published in 2008, illuminates the interaction between trust and engagement: trust is both a "facilitator of engagement--the greater the trust the greater and more successful the engagement", and "the product of engagement--the greater the engagement the greater the probability for trust to develop" (DESA 2008: 56f.; see also Uslander and Brown 2005: 868-894). In this paper civic engagement refers to citizens' involvement in social organizations and civic affairs. It occurs when citizens work together collaboratively in the public domain. Civic engagement initiatives require enabling factors by public governance. China is carrying out intensive programs to promote cultural and ethical progress among the citizens, improve the system of voluntary public services, and encourage practices such as upholding gender equality, respecting the elderly, caring for the young, showing concern for and helping each other, and coming to the rescue of others even if at risk to oneself. The year 2008 was crucial to civic life in China. Chinese citizens, in an unprecedented manner, expressed their empathy and awareness of civic engagement. In the aftermath of the May 12th Sichuan Earthquake, millions of Chinese citizens rushed to offer their services as volunteer rescue workers.

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[7] For more detailed analysis, please see Gao and Yuan 2008: 4).

During the Beijing Olympic games in August 2008, about 1.7 million volunteers again showed their spirit for public engagement and service in China. Senior UN officials, recognizing volunteers for the Olympic Games strongly believed that volunteerism can help transform people into responsible citizens, as well as build strong and cohesive communities (UN Volunteers 2008: online). Commenting on this, political scientist Yu Keping pointed out that China is entering into an era of "active civic participation in public affairs" (Ma 2009: online). Engaged public governance begins to appear in China. It is hoped that by institutionalizing civic engagement people will be enabled and empowered to commit to civic life with trust and trustworthiness.

In conclusion, factors which enable situations of civic trust rest at the micro-level of individuals, the meso-level of organizations and associations, as well as the macro-level of the state. All of these factors converge towards trust-building through public governance. We must take public governance seriously to build civic trust in a well-ordered civil society, create public values with social harmony, provide good governance with accountability, promote civic organizations with self-governance, and engage citizens in public life with civility.

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China: Creating civil-society structures top-down?

1. Civil-society discourses in China

Since the 1990s, an ongoing discourse on civil society and its application has arisen among Chinese intellectuals.[1] This debate is strongly interlinked with the discussion on the causes of the decay of the former Soviet Union, China's future political development, and the issue of establishing a new framework for state-society relations. Whereas in the early 1990s many academics wanted to 'learn' from this 'Western concept', the focus has meanwhile shifted to discussions on whether or not the concept is applicable to China's conditions and, if so, how to implement it. One group argues that political change requires a bottom-up process in which society gets stronger vis-a-vis the state; the other group holds that under China's authoritarian conditions the party-state itself will have to activate civil-society structures.[2]

Since the end of the 1990s, proponents of the civil-society concept have linked it to the protection of interests of specific social groups, an independent judicial system, the freedom to establish social organizations and associations and the freedom of press and opinion (He Baogang 1997; Zhang Ye 2003; Wang Ming 2003; Yu Keping 2003a, 2006a, 2006b, 2006c).[3] One strand of discussion argues that the emergence of a middle class is the precondition for a civil society; others suggest that public intellectuals are necessary for building such a society. Altogether, a strong majority believes that only the rise and increase of social associations and NGOs (civil-society organizations) would provide the premises for a civil society.

Although at first sight many arguments sound quite familiar, the perception of the civil-society concept differs significantly from Western notions. Even its conceptuality is distinct from Western concepts: the Chinese terms used for civil society are *shimin shehui,* referring to the urban sphere only, and *gongmin shehui,* which means 'society of public people' and focuses upon the responsibility of citizens in terms of public goods and good behavior. It is, therefore, not concerned with the issue of political power. Accordingly, civil society is perceived as a non-confrontational model that should not pose a challenge to the state.

Furthermore, without a doubt, social and political conditions differ from 'Western' countries. In China we find a strong integration between state and society. The party-state, for instance, not only integrates the existing associations into bargaining processes, but also strictly controls them. It bans associations which apparently attempt to act autonomously from the government. However, as sociologist Ding Xueliang points out, society infiltrates the party-state via social associations and thus initiates processes of change. This Janus-like

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[1] This article was first published in: Bruno Jobert and Beate Kohler-Koch (Eds.): Changing Images of Civil Society. From Protest to Governance. London and New York: Routledge, pp. 87-104.
[2] For an overview, see: www.lwwzx.com/Freepaper/Literaturetheory/2006-08-25/ Freepaper_20060825095421_29545.html (accessed 5 March 2007).
[3] An overview on the discussion is provided via www.ccss.pku.edu.cn/ccss/Html/ xshd_xsjl/l51128537.html (accessed March 2007).

nature of associations, which Ding called 'institutional amphibiousness', on the one hand illustrates that associations are closely connected with party and state structures through countless threads (even to the point of 'institutional parasitism', i.e. their interests and financial means frequently are bound to the party-state), while, on the other hand, party and state institutions can be infiltrated and changed by those same associations ('institutional manipulation and conversion'). Party members and cadres are represented in all social institutions, eventually leading to mutual interconnectedness. Ding argues that Western concepts of civil society hardly grasp this dual character since, for the most part, they insist on civil-society's autonomy and thus underrate the effects of state-society interaction (Ding Xueliang 1994: 198-300).

Differences in political systems are not the only reason for diverging conceptions. China is still going through a process of both state- and institution-building. Institutions governing the coexistence of people and providing a certainty of expectations are only gradually evolving (for instance in terms of rationalization, juridification and creating a legal system). There is a strong lack of civilizational competence, i.e. a deficiency of a complex set of rules, norms and values, of a legal system, legal security and civic liberties. Among people, groups and organizations there is a lack of respect for the law, a mistrust of the authorities, deficiencies in terms of institutionalized rules and double standards with regards to speaking and conduct. In China's rapidly changing society, new rules of social behavior have to be learned and internalized. A public sphere which controls the state bodies, a process of 'civilizing' interactions with co-citizens, and a state which treats its citizens respectfully still have yet to emerge. In states like China, in which institution-building is still in progress, the state exerts an overpowering control and subsequently monitors and restricts the activities of its citizens. We can, therefore, hardly expect the existence of an *autonomous* civil society.

It is open to debate whether, under authoritarian conditions, a gradual development of civil-society structures is feasible and prone to facilitate the transition to a democratic system. I side with those authors who claim that key patterns of a civil society can also evolve under different political systems (Schmitter 1997: 293-262; Alagappa 2004; Howell and Pearce 2001). Accordingly, I am specifically interested in the type of social actions that are emerging in China, which are at first not fully autonomous, but are not congruent with the party-state, either, and which finally may become nuclei of autonomous social fields, beyond state control.

Hence, I define civil society in the Chinese context as the emergence of a public sphere beyond the party-state. I will provide evidence that the Chinese state plays a particular role in activating structures of a latent civil society in a top-down manner. Furthermore, I argue that under conditions of civilizational incompetence and the prevalence of traditional structures like *danwei* (the traditional work or social unit), clans and kinship, the state has to operate as an engineer of those structures. I agree with Joel S. Migdal, who has pointed out that in the case of weak societies facing strong states and underdeveloped civil society structures, a state may have to function as a 'political architect' (Migdal 1988). This chapter is organized around three main hypotheses. First, basic structures of a civil society are gradually evolving. Second, those structures are engineered top-down manner by

the party-state. Third, an authoritarian (illiberal) type of civil society is emerging, which the party-state attempts to control. It is illiberal in the sense that the civil society is activated and regulated by state interference and not yet by law. Thus, a public space within which people are allowed to pursue their interests exists only in a restricted form. A civil society requires structures and institutions, and the core argument is that the Chinese party-state is facilitating these prerequisites in order to solve major social and political problems. This does not automatically lead to a civil society worth its name, but may enable democratic structures and thus the transition to a civil society in the future.

2. Enhancing civilizational competence

Since I take civil society as a political ideal which can only be realized in the long run, I will focus on the conditions and actor strategies that are likely to affect the development and functions of civil-society structures in the specific socio-political context of modern-day China. Following Bourdieu, I classify civil-society structures as 'fields', i.e. as an ensemble of social arenas which are strongly interrelated but at the same time preserve their independence in terms of each field sticking to its own principles and rules which affect all actors involved in the specific field (Bourdieu and Wacquant 2006: 124-146).

Likewise, the Polish sociologist Pjotr Sztompka (1993: 88-89) has delineated four different fields in which a society might engender 'civilizational competence'. With reference to the post-socialist societies in Eastern Europe, he suggests particular preconditions for the emergence of a civil society under post-socialist conditions. These are:

- an *enterprise culture* as a precondition for participation in a market society;
- a *civic culture* indispensable for an enhanced level of citizen participation and the emergence of citizens with citizens' awareness;
- a *discourse culture* as a prerequisite for participating in a free intellectual discourse
- an *everyday culture,* i.e. a civilized individual behavior.

If we apply Sztompka's fields of civilizational competence to China we find, first, that since the 1980s a private economy and private entrepreneurship and, along with it, an *enterprise culture* have all evolved at a rapid pace. Second, proto-citizens are gradually emerging; we are witnessing an increase in citizens' participation in the public sphere, be it individually or collectively, e.g. in villages and urban neighborhood communities or in associations and NGOs, which amounts to the rise of a *civic culture.* Third, an intellectual debate on social and political issues is arising and spreading via the Internet, giving impetus to a *discourse culture.* Last, but not least, a civilized way of behavior is being propagated and is evolving, in regard to both individuals (as, for instance, the development of empathy and self-restraint) and the state, supporting the development of an *everyday culture* fitting for a civil society.

In the following pages, I am going to examine four major areas where conditions for the emergence of civil society structures in China might become more favorable:

1. the private sector;
2. citizenship, social associations and organizations;
3. intellectual discourses, including the use of the Internet;

4. the efforts of the state to push a new value system and new standards of moral behavior.

Field 1: resurgence of a private economic sector and entrepreneurship (enterprise culture)

Until the 1990s, state ownership was the predominant form of ownership. In the 1980s China returned to private cultivation in agriculture (though without privatizing arable land). This was the starting point for the admittance of different forms of ownership, not only in agriculture, but also in commerce, services and handicrafts. Quite rapidly, the private sector, propelled by its own impetus, turned into the driving-force of economic development. Self-employment and the setting up of private enterprises were increasingly encouraged and facilitated by the party-state. Beginning in rural areas, millions of people established small stores and workshops; individuals and groups began to set up enterprises of different sizes. Many of these companies rapidly developed into larger enterprises. Concurrently, many state-owned enterprises lost their competitiveness in the market and began to operate in the red. This was the reason why, in the 1990s, the state began to sell or lease the majority of the small and medium enterprises to private persons. Currently, more than 90 percent of all enterprises are privately owned and more than 50 percent of all workers and staff are employed by the private sector, a tendency which is increasing (Heberer 2003: 17-28). This bottom-up privatization has considerably widened existing income disparities and led to the rise of new social strata (entrepreneurs, the middle-classes). Step by step, the state tolerated and later even encouraged the establishment of interest and professional associations. By organizing themselves, entrepreneurs reinforced their bargaining capacity vis-a-vis the party-state. In 1997 the 15th National Congress of the Communist Party elevated the private sector to a level equal to that of the state sector. The 16th Congress in 2002 announced that entrepreneurs constitute an important part of China's socialist market economy *(*Renmin Ribao 18 December 2002). Accordingly, they have since been permitted to join the Communist Party. This development further strengthens those who are engaged in the private sector. By engaging in political institutions (e.g. parliaments) and media campaigns, by enhancing social relationships to officials and even by way of corruption, these private sector actors were successful in broadening their social impact.

Field 2: emergence of citizens and civil organization (civic culture)

The existence of citizens and citizenship is a principle prerequisite for a civil society. One of the crucial issues under discussion is whether or not a civic culture is gradually emerging in China. By civic culture, I mean forms of voluntary participation, civic awareness, a sense of citizen duty and a public spirit of the people.

Drawing on Thomas H. Marshall (1976: 71-73) I discern four basic criteria for an emerging citizenship in China:

1. increasing opportunities for people to participate in social and political affairs;
2. the prospect of a rising living standard for the majority of the population;

3. voluntary involvement in public and societal issues, including the formation of associations;
4. civic liberties.

Again, it is the party-state that expands and constrains the opportunities for participation and the emergence of a sense of citizenship. Whereas openings for participation and voluntary engagement have increased dramatically over the last years, so far civic liberties exist only in a limited way.

First, concerning participation, new opportunities have evolved in recent years, for instance through the establishment of legally-binding grassroots elections in villages and urban neighborhoods and through the fostering of social participation in neighborhood communities, social associations and welfare institutions. Meanwhile, village leadership has to be elected by the population in direct and secret ballots. On the levels of towns/townships and urban neighborhoods, we find experiments with direct elections of local officials. The success of rural elections gave rise to the transfer of rural experiences to urban areas. The Ministry of Civil Affairs, responsible for grassroots elections, argues that elections serve to strengthen the degree of the population's participation and the legitimacy of the political system. In many respects, this process may not yet work in a satisfactory way (local authorities, for instance, intervene in the ballots and arbitrarily remove elected heads of villages; in urban neighborhoods, elections are primarily by indirect ballot, i.e. only the inhabitants' representatives have a voting right). My own research and surveys in China prove, however, that people increasingly perceive elections as their 'right' (Heberer 2006a: 19). Rational voters emerge, who have realized that a correlation exists between ballot elections and the responsibility of the elected toward their voters. Many interviewees argued that elected persons had a stronger sense of accountability because they want to be re-elected and therefore have to show concern for the demands or interests of the residents, who in turn increasingly put forward suggestions and voice their opinions. Moreover, even indirect voting (by delegates) requires the elected to take the interests of their constituents into account if they want to be re-elected.

On the whole, grassroots elections are a new phenomenon that will foster a learning process, the internalization and training of voting and participation. On the one hand, this will enhance the citizens' demands for information and participation. On the other hand, candidates are increasingly being pushed to present themselves in a more substantive way in order to generate trust. The introduction of direct elections would therefore be supportive in creating legitimacy.

Second, we can ascertain a rising standard of living among the majority of the people, particularly in urban areas. As long as people are primarily concerned with their personal survival, they are unable and unwilling to participate. In more developed areas, better-off people might increasingly engage in social and welfare issues. Nevertheless, the figures available support the assumption that the majority of better-off people are primarily involved in their jobs and lack the time to engage socially (Heberer and Schubert 2008).

In China's increasingly differentiated and sophisticated society, it is acknowledged that the state is unable to undertake and operate all societal tasks. A new social-security

system is still underdeveloped and market regulation is not yet producing the sought-after outcomes. Therefore, the party-state is very strongly encouraging engagement in social activities, such as taking care of weak social groups in villages and neighborhood communities. 'Volunteers' are requested to look after disabled persons, the elderly, and fringe groups. They should also take responsibility for the environment and cultural life in their communities. Yet, interest in participation and the number of volunteers is meager. According to the party newspaper Renmin Ribao, at the end of 2005, merely 3 per cent of all urban inhabitants had been involved in voluntary social activities (Renmin Ribao 6 December 2005 and 17 July 2006), whereas in Western societies the percentage hovers between 35 and 40 per cent of the entire population (Gensicke 2006: 9-16).

A Chinese report determined that around 80 per cent of the volunteers in urban neighborhood communities were either public servants or members of the Communist Party or the Communist Youth League (compare Shequ 2005: 15). In Peking in 2005, just 300,000 people were registered as 'volunteers', about 2.3 per cent of the entire population. However, according to a State Council document from 2006, this share will increase to 8 per cent by 2008 (Renmin Ribao 17 July 2006). So far, 40 per cent of the volunteers are linked to the party, and 70 per cent were over 50 years old (Goujian Hexie 2006: 50). Thus, predominantly party members and welfare recipients (people who require support from the state and are obliged to attend social activities within their neighborhood communities) could be mobilized to attend public activities and to take care of the socially weak.

The Chinese party-state is activating citizenship top-down in several ways: it is opening windows for political participation by introducing direct and indirect elections at the grassroots level. Furthermore, the state is taking responsibility for assuring a rising standard of living and gradually institutionalizing property rights. At the same time, it is encouraging voluntary participation and accepting the formation of private associations. A rising standard of living and the enhancement of participation are expected to empower people (not least by means of reinforcing internal efficacy) and participatory activities are likely to promote a gradual increase of a sense of citizen duty.

Finally, the party-state supports the emergence of citizenship through a change in ideology and the use of different terminology: instead of talking about 'masses', the dominant term in the former political concept, the state is now propagating the notion of 'citizens', which has the connotation of legal and participatory rights. Recently, a journal published by the Ministry of Civil Affairs noted that China needs conscious citizens who elect and monitor their own administrations and who consciously participate in their communities' public affairs (Chen Weidong 2004: 11). Here, participation and a public spirit are conceived as a part of citizenship, a concept relatively close to Western notions.

In line with this reasoning is the spread of associations and interest organizations. According to the Ministry of Civil Affairs, which is responsible for the registration of associations, at the end of 2006, 355,000 'non-state organizations' from the county-level upward had been registered. These include associations, foundations, private non-profit enterprises and other organizations like NGOs or GONGOs (government-organized NGOs).[4]

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[4] See: www.chinanpo.gov.cn/web/listTitle.do?dictionid=2201 (downloaded 29 September 2007).

Those figures do not include associations at the township and village-level, as they are not required to register. However, the term 'association' is rather imprecise, as it encompasses organizations founded by the party-state as well as those set up by citizens. Furthermore, unlike in democratic systems, in China such organizations cannot be set up autonomously. They have to be registered and the 1989 'Regulations Concerning Registration and Administration of Social Organizations' stipulates that registration is only possible with the help of a patron institution (e.g. offices, state or party institutions, public enterprises), which has to apply for the admission and takes over the formal patronage as well as a monitoring function. This, however, does not mean that associations primarily represent the interests of the party-state.

Although the majority of associations are concerned with sports, health, recreation, professional, cultural, scientific-technical, and similar activities, in recent years a broad range of social organizations and foundations have emerged that are active in more politically sensitive fields. For instance, an environmental movement and environmental NGOs are gradually evolving, although the latter are for the most part locally organized and oriented. They mainly originate in larger cities and areas affected by evident ecological crises. According to official Chinese data in 2005, more than 2,000 such NGOs existed, an amazing number since none of them existed prior to the 1990s (Worldwatch Institute 11 January 2006). Environmental and non-environmental NGOs are involved in a wide range of areas, such as environment protection, endangered animal species, fringe groups, support of AIDS sufferers, ethnic minorities, protection of cultural relics, consumer issues, or nature and landscape preservation. Furthermore, there are also NGOs involved in the extension and enhancement of grassroots elections, participation in urban neighborhood communities, and the improvement of labor conditions for rural migrant workers. Among the successful social movements in recent years have been, for instance, movements against hydroelectric power plants in the Yunnan province, against the relocation of the Beijing zoo and the movement 'air-conditioning 26 degrees' (aiming at limiting energy waste from air conditioning), to mention just a few. Moreover, network organizations composed of a larger number of individual organizations have evolved (e.g. the China NPO Network or the Chinese Association of NGO Cooperation CANGO) (Guobin Yang 2005: 46-66; also Lehrack 2004). Most notable is the environmental domain, where an increasing number of student groups have come forward to perform a monitoring function. According to reports in 2006, such groups existed at 176 universities in 26 provinces (Stalley and Dongning Yang 2006: 335).

As long as such organizations do not pursue political or politically sensitive objectives, the party-state (i.e. the central state) takes a benevolent attitude, since they address issues at the local level which the central state is unable to solve. Both government officials and the broader public attribute to them the capacity to improve governance. In May 2006, *Renmin Ribao* explicitly emphasized that without the public participation of citizens there would be no improvement of environment protection *(Renmin Ribao* 18 May 2006). A survey by *China Development Brief*, conducted in Beijing in 2002, revealed that 80 per cent of the respondents credited NGOs with the task of supporting or complementing the work of the

government.[5] The majority of the respondents conceived social organizations not as independent, but rather as agencies to amend governance. Yet, such organizations frequently come into conflict with local authorities, particularly if they take up issues which infringe upon those authorities' interests.

In addition to these official associations, there are also 'underground NGOs', or informal networks. Some of these informal organizations are more traditional, for example clans, home-town associations, secret societies or beggars' guilds. Hometown associations are very active in China's larger cities. They are comprised of people from the same township, county or province and act as interest organizations. In part, they control entire markets, live together in common living-quarters, and are obliged to mutual support their peers. They function as self-protecting organizations of worker migrants and sometimes even as proto-trade-unions.

Thus far, peasant interest organizations do not yet exist. Accordingly, in rural areas informal 'opinion leaders' and 'peasant lawyers' are emerging, i.e. persons assigned by peasants of a single or several villages or even of a township to convey problems to higher echelons or to draft and submit petitions (which is a legally confirmed right). Peasants even establish 'economic associations' and cooperatives, which in fact are created to advocate the social rights of the rural population. As long as the party-state is reluctant to admit an official interest organization of peasants, the grievances of the latter might continue to manifest themselves in informal organizations and collective action.

Religion is a contested field. The officially recognized religious communities are strictly controlled by the state. More traditional ones, like temple associations, sects and underground churches, which have spread in recent years, may function as social 'pockets of resistance' to the local state. But they are not tolerated by the party-state and, therefore, are unable to affect civil-society development.

Summing up, it is difficult to assess the importance of enhanced participation and associational life for a civic culture in China. Although wider patterns of participation and grassroots elections are evolving, I do not argue that China is heading towards democratization. Rather, it is the party-state which constitutes and sets the framework in the different fields for the structuring of a civil society. Nevertheless, people increasingly have the opportunity to participate and will learn to pursue their interests in an efficient and effective way. Unlike during the Mao era, individuals are no longer coerced into attending political or social activities. The organization of one's life is now a personal matter with little interference of the party-state. Thus, individual autonomy from the state and its agencies is increasing, which is considered to be a prerequisite for an autonomous social space.

In terms of autonomy, Chinese associations and NGOs clearly differ from their counterparts in Western societies. In China, interconnectedness and linkages between social associations and the party-state are helpful, as they contribute to solving problems through informal channels and informal bargaining. The Chinese 'bargaining society' in which social groups bargain for their interests in an indirect way in fact requires such linkages in order to enforce interests more easily. At the same time, such half-autonomous associations might

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[5] See: www.chinadevelopmentbrief.com/mode/157 (accessed 2 June 2006).

function as precursors of genuine independent economic and political associations. At the moment, associations have a rather ambiguous character: on the one hand, they are subject to the supervision and control of the party-state; on the other hand, they are allowed to exhibit certain elements of independence as long as this does not challenge the party-state.

It is open to debate whether more independently-operating social movements such as the environment movement will have a greater impact. Some argue that such movements are prone to come into conflict with the party-state and thus might become a proponent of political change. Others argue that, due to rigid state control, their political effect will be rather limited. Additionally, confrontational behavior would just provoke tighter surveillance by the party-state (see, for instance Qiusha Ma 2007).

Field 3: intellectual discourse on social and political reforms (discursive culture)

In order to explore the potential for the development of a discursive culture in China, I will assess three distinctive fields:

1. the social and political leverage of intellectual ideas and conceptions;
2. the party-state's acceptance of conceptual diversity and pluralism and political opinions;
3. the degree of open-mindedness in policy discussions.

What is particular about the Chinese situation is the exchange and interdependence of these three fields. Constant exchanges exist between the party-state and various intellectual circles and fields. The party-state benefits from new reform ideas developed by leading intellectuals and think tanks. Furthermore, it has to take public opinion more into account. Yet the tolerance of the political leadership is limited by one crucial imperative: every actor has to adhere to the principles of 'political correctness', i.e. to refrain from challenging the leading role of the party. In fact, the majority of the intellectuals agree that improving social and political stability and the well-being of the people are crucial for China's further development and that the current political system is the guarantor of stability.

The growing autonomy of Chinese society in the reform process favors an increasing independence for intellectuals. Open debates on the future of China's political system have become possible and even pronounced critical statements are tolerated as long as the discourse participants still keep within the boundaries of an implicit 'contract' between the party leadership and intellectuals. This 'contract' entails that political correctness in the Chinese sense has to be maintained, i.e. the power of the Communist Party and the political system should not be openly challenged.

The public intellectual discourse on corruption provides a telling example of public debates. Participants argue that democracy, associated with public control, an independent public sphere and the rule of law, is decisive for fighting corruption efficiently. Thus, in the academic debate, corruption is perceived as a political and at the same time a systemic phenomenon and - in contrast to the standpoint of the party leadership - not merely as an individual, moral issue. As far as the discourse on corruption reinforces the discourse on political change and democratization, the internal Chinese debate on corruption will eventually support and facilitate the conversion to a rational power system based on law.

Yet, the consequences of this debate apparently reach far beyond this argument. Although it might not always be expressed in an open manner, it is quite obvious that not only the deficits of the legal system have been revealed, but also the political structures and the very foundation of the political system itself are at stake.

Such critics clearly overstep the above-mentioned official boundaries, e.g. when Yu Keping, the adviser of the central leadership, argues that the political system itself constitutes the structural foundation for political corruption. Without control by citizens, overt political channels of information (transparency) and political contestation, corruption might not be able to be contained (Yu Keping 2003b: 170). Thus, the discourse on corruption becomes an important feature of the discourse on political change and democratization in China. It is an indication of Chinese society's increasing political maturity. The discourse acknowledges a distinction between the public and private spheres, as well as the demand for corresponding laws and transparent and rational administrative rules. Accordingly, the state is more and more often perceived as a body which has to serve both the general and public interests (Heberer 2006b: 26-28).

The Internet is another field of interest that, in recent years, has spawned new forms of publicness. It has had an effect on the emergence of the public space and the development of both (virtual) social organizations and widespread Internet protest activities. Furthermore, by encouraging public debates and the articulation of problems, it functions as a tool of social transparency (Guobin Yang 2006: 196-214; also Shanthi Kalathil 2003: 31-46).

At the end of 2006, the number of Internet users in China accounted for more than 137 million, although this figure does not say much about how the Internet is being used (*Renmin Ribao* 19 July 2007). The China Internet Network Information Center ascertained in 2003 that 46.2 per cent of the users are using the Internet for information and 32.2 per cent for entertainment (CNNIC 2003).[6] Certainly, Internet access provides an alternative source of information on domestic and international developments. Accordingly, some Western and Chinese scholars argue that the Internet might function as a tool for political change (Kluver 1999; also Chase and Mulvenon 2002). Some scholars even speak of an evolving *cyberdemocracy* (Saco 2002).

Recently, sociologist Yang Guobin has pointed to the particularities of the Internet in China: thanks to the Internet, politics is no longer perceived as an abstract factor of political power but - in connection with the entertaining act of surfing the net - represents a new form of (voluntary) everyday political discourse and a leisure-time activity (Guobin Yang 2004: 7). In this way it differs greatly from the political-ideological sessions of the Mao era, in which people were coerced into participating.

Undoubtedly, the number of Internet portals with news, up-to-date information and of virtual communities has significantly increased in recent years. In particular, people with higher levels of education and younger people in urban areas participate in public debates in the public space of the Internet, thus redefining the relationship between state and society. The anonymity of the Internet has spawned a critical new public. Proactive users, called

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[6] Further information is given by Liang Guo and Wei Bu (2002: 121-144).

Wangmin, cyber-citizens or netizens (deduced from the term *citizen)* pick up information on social injustice, cover-ups of local disasters, criminal activity and corruption, then spread the news and discuss it.

A prominent example was the case of a worker who, after a flagrant misjudgment, was executed in Shaanxi province in 2002. This provoked a public debate on the death penalty and legal procedures in China. Not only jurists and the party newspaper *Renmin Ribao* but also thousands of citizens participated in the debate online. The discussions were rather heated and many participants expressed fury and outrage. Although the party leadership finally stopped the discussion, it also requested the legal authorities to reduce the number of executions. Meanwhile, the Supreme Court was ordered to re-examine each death sentence. Certainly, the death penalty has not yet been abolished. This case reveals, however, that people increasingly use the Internet to disseminate information and to vent their grievances. Moreover, the Internet contributes to forming public opinion and making trends more transparent.

Another noticeable case was that of Sun Zhigang, a rural college graduate, who was seized by the police in Guangzhou because he could not prove his identity by means of an identity card. He was detained and put into custody, where he was finally beaten to death. Immediately afterwards,, a discussion on the general behavior of the police, the freedom of the press and a reform of the legal system arose on the Internet. Jurists demanded a revision of the laws on the treatment of rural working migrants in Chinese cities and wrote to the national parliament (the National People's Congress) demanding a cancellation or revision of the existing regulations, an investigation of this incident and a punishment for the policemen responsible.

Such Internet movements are a form of *collective action* that is new to China: a more or less spontaneous concurrence of individual or group actions which represent common interests and have an impact on policies. Political scientist Wu Qiang even speaks of 'e-social movements'. Meanwhile, he argues, organized patterns of interest expression have emerged, such as online petitioning (e.g. against 'software regulation' [2001/2002], against the censorship of Internet publications [2002], in support of the Tian'anmen mothers [an initiative of mothers whose children were killed during the 1989 Tian'anmen incident], or the 'Living Buddha A An Zhaxi', who was detained due to alleged 'terrorist activities', etc.) (Cooper 2006: 123-126; also Qiang Wu 2004). Furthermore, since the mid-1990s, autonomous virtual NGOs *(e-civic organizations)* that organize online-congresses and online-parties have been created on the Internet (Qiang Wu 2004). Even in the area of environmental protection, numerous websites and virtual NGOs have arisen, exposing environmental problems and disasters and thus inducing public debate.

Certainly, the party-state attempts to monitor Internet activities. It blocks discussions that it considers to be too sensitive or far too critical. As a deterrent, people are arrested from time to time and sentenced to long imprisonments. Yet, those measures do not really impair the spirit of the Internet users or their debates.

However, recent research findings put into question the assumption that the Internet will develop into a tool of political change (Guobin Yang 2003: 453-475; also Guobin Yang 2006: 196-214). The vast majority of the *Wangmin* does not oppose the political system. We

therefore have to make a distinction between Internet contributions opposing the political system and those critical only of specific social developments. The exposure of scandals, corruption cases, social injustice and cases of environmental damage is conducive to solving social problems and to channeling the discontent of citizens in one direction. Internet discussions do not necessarily pose a challenge to the political system. On the contrary, they may even contribute to its reinforcement. As Damm notes, Internet users are primarily younger people with higher levels of education and members of the new middle-classes, neither of whom are concerned with a change of the political system but who instead want to make the system more efficient - in the sense of good governance (Damm 2003: 10).

Field 4: establishing a new system of values (everyday culture)

The party-state is a leading force in the effort to promote a new system of values and new patterns of behavior. The rapid economic and social change has led to a considerable erosion of the traditional value system and moral standards. For this very reason, the party-state has established a 'Programme for the Realisation of the Construction of a New Citizen Morale'. It was announced by the government in 2001 and from this point onwards has consistently been propagated by the media (for example, *Renmin Ribao* 5 September 2003, 7 July 2004) In 2003, a particular day (20 September) was declared to be the yearly 'day to propagate the [new] citizen morale' *{Renmin Ribao* 19 September 2003). The party-state acts as a *moral state* which attempts to set and enforce new moral standards in a top-down approach.

To support the government's objectives, *Renmin Ribao* regularly reports on citizens participating in the project of creating a new moral order. Villages and urban neighborhood communities are advised to make their inhabitants adopt 'public conventions' in order to demonstrate that they are determined to adhere to appropriate moral standards relating to public behavior within their community or towards co-residents (compare *Renmin Ribao* 9, 10, 11 September 2004).

In June 2004, deputy minister Chen Jichang of the Ministry of Civil Affairs explicitly pointed out that the 'engineering of a new morale', particularly among youth, is a prominent task of the new urban neighborhood communities *{Renmin Ribao* 17 June 2004). The latter are conceived to be tools for the 'moral engineering' of society, raising the 'moral quality' of citizens and teaching them 'civilized behavior', i.e. civic and political skills (Meng Gu and Bai Zhigang 2006: 3—10; Shi Chang and Zhuo Silian 2006: 127-136; also Tang Zhongxin 2006: 175-180). In establishing new values, a new public morale and public spirit, the party-state is assigning urban neighborhood communities the pivotal task of creating 'new citizens' top-down (Liu Jitong 2003: 105; Liu Lina 2004: 282-285; also Renmin Ribao *29* July 2004).[7]

3. Conclusion: is a civil society evolving in China?

While the role of society is certainly increasing, the party-state still plays a decisive and paramount role. At the start, in the 1980s and 1990s, the state took over the task of creating the institutional frames and preconditions for economic development and national

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[7] There were similar efforts during the rule of Chiang Kai-Shek, see Robert Culp (2006: 529-554).

modernization. Local officials acted as local developing agents and established or took over enterprises, thus accomplishing entrepreneurial functions. Correspondingly, the party-state created an incentive system so that economic activities could start to spread. As a result, entrepreneurship, and thus an enterprise culture, emerged. In the 1990s, the party-state established grassroots elections in villages and urban neighborhood communities, thus initiating a rudimentary civic culture. Meanwhile, the administrative bodies of villages and neighborhood communities have to be elected regularly. The party-state has also established social associations and GONGOs as well as intellectual think tanks, thus creating a discursive culture. Furthermore, since 2000, it has set up voluntary associations in urban communities and stipulated that students have to perform voluntary social work. Under the conditions where a sense of social responsibility is still lacking and the majority of people are not yet interested in performing voluntary work, it is the state which mobilizes people to participate in social activities. The underlying idea is to develop a first contingent of proactive volunteers who might function as role models to stimulate other people to participate in social activities.

An article in *Renmin Ribao* indicates that the party-state is quite aware of existing deficits in participation. The article argues that:

> the willingness and quality of participation of urban dwellers is not yet very high. Therefore, the government has to function as a driving force and initiate a top-down process in order to spur people into participating. Moreover, it is the government's task to help people enhance their capacity to participate.

> (Rong Sun 2005)

Thus the *party-state* is to incur the function of a teacher: it should help the people to learn the skills of participation and teach them to acquire the capacity and internal efficacy to participate in social affairs. The objective of social mobilization is quite obviously geared towards improving the social fabric of society. The state is assigning the villages and urban neighborhoods the task of fostering and enhancing participation and voluntary social engagement in order to solve urgent social problems. This concept resembles the concept of communitarianism, as for example laid out by the US-sociologist Amitai Etzioni, who calls for new communities in order to create a new sense of responsibility and reinforce the moral foundations of society (Etzioni 1993, 1996). The principle idea of communitarianism favors - under conditions present in post-modern service societies - a social order in which a sense of community is fully developed and people identify with their community. In contrast to Etzioni, who is appealing to the mature citizen, the Chinese concept pursues a top-down approach of creating (controlled) citizens. This is why I label the Chinese pattern an *authoritarian communitarianism* and not a civil society (compare Heberer 2005: 152-160).

As mentioned above, Migdal has pointed out that under in the case of both weakly developed civil society structures and of a strong state facing a weak society, a state may function as a political architect. Accordingly, the Chinese state is not a 'developmental dictatorship' but rather a development agency. The latter requires more than pure authoritarian mechanisms of enforcement, i.e. an increasing involvement of social groups in

processes of bargaining with the state, participation in community affairs, and a corresponding institutional setting.

It is precisely the combination of mobilized participation and volunteers, the top-down implementation of grassroots elections and the top-down establishment of neighborhood communities, that is prone to generate the preconditions for an illiberal, controlled and communitarian-authoritarian civil society. Yet, the 1997 *World Development Report* ('The state in a changing world') has already underscored that, on the one hand, the state has to initiate development processes and, on the other hand, it has to delegate public tasks to citizens, NGOs or the private sector in the interest of greater efficiency and stronger citizen orientation (World Bank 1997). Accordingly, the Chinese state functions as an activating state which takes care of social tasks: it activates and motivates the people (citizens) to take responsibility and solve some of the social problems by themselves. Self-organization and engaging participation of citizens generates more independence vis-à-vis the state - an essential factor for the advancement of civil-society structures.

Certainly, the opportunities to establish social associations or to participate in social affairs do not suffice for calling social relations in China a civil society in the Western sense of the concept. Thus far, the party-state decides which associations and what kind of participation are 'good' or 'bad'. Under such conditions, the emergence of a genuine public sphere between the state and the private sphere is under severe constraint. On the other hand, ongoing developments in the various fields mentioned here may have a transformative impact, including the slow emergence of a public sphere and the sustainment of elementary structures of a civil society.

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Institutional barriers of the development of civil society in current China

1. Introduction

Chinese civil society organizations (CSOs) suffer from a number of structural weaknesses due to institutional barriers. The major reason for these institutional barriers is that the designer and the supplier of the institutional arrangements strongly intend to control and restrict the civil organizations, due to the political attitudes that raise doubts about and encourage the containment of civil society organizations, both by the government and by party officials and ordinary citizens. In order to reach the goal of building a harmonious, socialist society, an 'enabling state' is needed to improve the institutional environment of civil society.

This article focuses on discussing factors within the institutional environment that impede the development of CSOs. The purpose is to develop ideas which work to improve the institutional environment for civil society and build new patterns of relations characterized by harmony and cooperation between civil society and the state.

2. The structural weaknesses of China's civil society

The structural weakness of China's civil society is characterized by a) the small size of CSOs, b) shortage of funds, and c) low capacity, low efficiency, and poor internal management of CSOs. All in all, most CSOs have not fully developed the following five basic features: organizational capacity, non-governmental status, non-profit orientation, autonomy, and voluntary membership. Therefore, it is reasonable to call these CSOs transitional civil organizations.

First, in regard to organizational capacity, high requirements for registration have limited development of civil organizations. The number of civil organizations per 10,000 persons is 1.45 in China in comparison to 110.45 in France, 51.79 in the United States, 12.66 in Brazil, 10.21 in India, and 2.44 in Egypt (Wang et al. 2001: 105). Thus, the number of CSOs is significantly higher in all other countries mentioned. With regards to the regional scope of civil organizations' activities, most of them operate on the local level. According to one investigation by the NGO Institute of Tsinghua University, 68.7% of CSOs have engaged in activities within the boundaries of one county, county level city or district, whereas only 8.6% within the borders of one province, and only 1.1% across two or more provinces (Deng 2001: 43f.). This circumstance can potentially be explained by the strict limitation on the regional scope of civil organizations in China. Another inquiry by the Center of China's Associations of Peking University, focusing on Zhejiang and Beijing, finds that small civil organizations with less than 1000 members account for 60% of all associations (Li 2005). In terms of annual expenditures, the investigation by Tsinghua University finds that, in 1998, nearly 90% civil non-profit organizations spent less than 500,000 RMB Yuan. 5% had a budget with less than 1000 RMB Yuan, while at the other end of the spectrum only 2% of organizations had an

annual expenditure of more than 1,000,000 RMB Yuan (Deng 2001: 59). Overall, these figures reflect the small strength of civil organizations.

Second, most organizations cannot properly be referred to as non-governmental. CSOs in China depend on the government, especially on the authorities responsible for the personnel, funds, and office spaces, giving them the character of government-run organizations. The above-mentioned investigation by Tsinghua University indicates that 46,6% of CSO in China were provided with office space by the professional supervision body, while 31.9% of them had their own office space, 8% of them had to rent offices, and 1.7% of them had to work in their leader's home or their members' apartments. According to the ratio of part time staff to total staff, the same investigation finds that only 4.6% of non-profit organizations employ no part time staff. The rest of the organizations have part time staff, i.e. people work in government agencies most of the time, with the number of workers varying from one to four to up to 40 people. Even those non-profit organizations without full time staff have their own part time staff, which reflects a situation in which many civil organizations are mixed with government agencies (Deng 2001: 53f.). This investigation also shows that a civil organization's income heavily depends on financial appropriation and subsidies from the government. In 1998, these accounted for 49.97% of income, largely exceeding project funds from government (3.58%), membership fees (21.18%), and income from economic activities (6.0%) (Deng 2001: 57f.).

Third, regarding the feature of non-profit orientation and public purposes, the statistics from the Ministry of Civil Affairs give the following numbers. Among the 142,121 associations listed, 41,722 trade societies, 40,325 professional associations, 37,401 academic associations, 19,640 joint associations and 2079 other kinds of associations exist (Administration of Civil Organizations of Ministration of Civil Affairs 2005: 42). All these four types of associations belong to associations that serve the interests of their own members, while public welfare and service associations only account for a small percentage. Though private non-enterprise units are defined as non-profit organizations engaging in public service, the Act to Promote Private Education explicitly encourages the capital providers of private run educational institutes to produce reasonable returns on investment, although they enjoy more preferential treatment in taxation and legislation than public service industries do. Some other industrial statutes have had similar articles. Private non-enterprise units have a strong tendency to seek profit, with the result being that they grow very quickly, even though the government sporadically liquidates private non-enterprise units. This reflects to some extent the weakness of the existing institutional arrangements and policies for the management of civil organizations.

Fourth, in regard to the degree of autonomy, a lot of case studies find that the autonomy of CSOs in China is very low. Based on a questionnaire, some scholars have carried out a quantitative analysis about the influence of the ruling party and government on associational organizations in Beijing, Zhejiang and Heilongjiang (Shen 2005: 74f.). This study indicates that most associations are sponsored by their relevant professional supervisory bodies, who want these associations to assist them in fulfilling management tasks. In addition, the laws and policies of the ruling party and government strongly constrain the organizations. The professional supervisory bodies have had more influence than that of the registration

management agency on the daily operations of CSOs. Professional supervisory bodies influence associations in the following ways: recommending association leaders, attending associations' meetings, taking part in association activities, examining and approving the relevant associations' annual work and financial reports, dispatching staff to the associations to fill important positions and paying for the employees. The ruling party and government also influence associations through building party branches and appointing party or government officials as the associations' leaders. As a result, the associations' degree of autonomy is very low, and various associations have taken on a bureaucratic character that involves the pursuit of administrative ranks and treatment and the quest for administrative power. One investigation by the NGO Institute of Tsinghua University indicates that, among all the investigated organizations, only 30 % of the leaders were elected democratically, while nearly two third of the cadres were either dispatched and appointed by the professional supervisory body or were nominated by their organization and then approved by the professional supervisory body. The power to appoint personnel has become the major instrument used by the professional supervisory body to control non-profit organizations (Deng 2001: 54, 57f.) and thus weaken the latter's autonomy. Private non-enterprise units have gained more autonomy in internal affairs management, such as the power to make personnel appointments, than associations and foundations have.

Fifth, in regard to the degree of voluntary membership in civil organizations, many investigations indicate that the number of donations and of volunteer workers, which are essential to the daily operation of civil organizations, are insufficient. According to the studies of some scholars, there are roughly only one hundred charities in China, together controlling funds that amount to less than 0.1% of GDP. Charitable donations account for less than one percent of GDP; citizens very seldom contribute regularly and actively (Ge 2005: online). In addition, according to the study by the NGO Institute of Tsinghua University, income from enterprises and project funds account for 5.63% of non-profit organizations' revenues (ranking as the fourth-largest source of income), while income from donations accounts for only 2.18% (ranking as the seventh-largest source of income). Meanwhile, of the non-profit organizations that answered the questionnaire, 34.4% said that they have no volunteers, 17.5% of them have one to four volunteers, and only 18.3% of them have more than 40 volunteers. In average, each volunteer contributes 4.45 days per month (Deng 2001: 54, 57f.). This indicates that the amount of donations and volunteer work remain at a low level and are related to a lack of incentives offered to donors and volunteer workers by institutions and civil organization administration policies. This also reflects the limitations of the current Act of Public Welfare Donation.

3. Institutional barriers faced by Chinese civil society organizations

The development of Chinese civil society faces serious institutional barriers due to the restraining and controlling character of the administrative system.

By examining international civil organization management practices and the dilemmas faced by civil society in contemporary China, we find a series of institutional barriers for the development of civil organizations.

(1) The existing dual permit system of registration causes a dilemma. The first permit has to come from the professional supervisory body. The second permit comes from the administrative agency for registration. This dual permit regulation constitutes a significant entry requirement. Civil organizations lack a channel of judicial remedy when the professional supervisory body refuses to perform its duty to examine and approve the organization. It is undoubtedly unjustifiable to force civil organizations to address the professional supervisory body without stipulating the criteria and time limits of the examination and approval procedure. With the exception of the permit registration system, there is no recording system to supplement the procedure, and various unincorporated societies are not allowed to exist legally. This kind of regulation contradicts the legal spirit of the Constitution, which aims to protect the right of citizens' to freedom of association. The presence of too many difficult requirements that must be fulfilled before applying for registration does not encourage civil organizations to register as stipulated by law.

(2) Dual supervision and the overlap of items being supervised represent a waste of invaluable government resources. The administrative agency for registration and the professional supervisory body both perform the same duties: examining the application for registration, the annual check, and investigating illegal behavior and dealing with it accordingly. Thus, this process wastes government resources. Sharing the responsibility between two departments also provides an opportunity for both sides to shift the blame and responsibility onto the other side.

(3) The practice of the professional supervisory body intervening directly and comprehensively into the internal affairs of various associations has weakened the autonomy of civil organizations. Various associations depend on their professional supervisory bodies, since the latter control all the important aspects of associations such as political education, leadership recommendation, personnel management, financial management, and activities involving foreign affairs. The practice of the professional supervisory body recommending leaders for various associations is quite unfavorable for the democratic management and self-governance of civil organizations.

(4) The guiding principle of non-competition and thus the limitation on interregional activities hinders the healthy competition and development of civil organizations. Based on the principle of non-competition, the administrative agency for registration will not give permits to those associations and private non-enterprises units when associations and private non-enterprises units already exist that are engaged in the same or similar business. There are also bans on setting up regional branches or local representative offices. These regulations go against the competition principle of the market economy, artificially grant some associations and private non-enterprises units monopolies and positions of privilege, thus reducing the incentives for civil organizations to improve the efficiency of their operations.

(5) The lack of examinations and verifications to determine who qualifies for tax exemption and insufficient supervision from the tax authorities in general make it difficult for civil organizations to fully achieve non-profit status. The Chinese government put its supervisory focus on ensuring that hostile civil organizations do not exist and on keeping civil organizations from engaging in hostile political activities. There is no effective means of

supervision to guarantee that civil organizations not engage in profit-seeking activities. Though the relevant regulations also put require audits, the objectivity and authenticity of the audits are doubtful, since civil organizations have to find and pay the auditors themselves. Due to the lack of surveillance and the failure of the government to verify non-profit organizations' tax-exempt status, in addition to the lack of an information-sharing system between the administrative agency for regulation and the tax bureau, for-profit activities are quite common among non-profit organizations in China.

(6) Some policies and regulations involved in encouraging the development of civil organizations are unsuitable. In order to encourage the development of trade societies, government departments delegate some power of industrial management to the relevant trade societies. This kind of practice strengthens the trade societies' position as a 'second government' and thus hinders the transformation of trade societies into non-governmental organizations. The proportion of pretax deductions for donations is too low, only 3% for individuals and 30% for firms. Only 25 charities assigned by the authorities have the privilege of issuing a certificate of tax deduction or exemption for donations. These regulations make it difficult for civil organizations to attempt to increase their income from donations. Additionally, there is no one unified tax law in China. The ten different kinds of private non-enterprise units have various laws and rules that encourage and support their development and which regulate their specific preferential tax treatment. Hence, there are too many preferential tax treatments and too many tax collection failures. The legal rules that allow the investors of non-profit organizations to earn returns on their investments go directly against international norms and the convention of not allowing civil organizations to distribute profits among investors. In addition, the practice of distinguishing government-sponsored institutions from private non-enterprises and then treating them unequally prevents the smooth development of the whole non-profit sector. It also goes against the government's original intention, which was to encourage the development of various private non-enterprise units.

(7) The requirement that civil organizations submit a report and request instruction before engaging in important activities and the requirement that they be inspected annually both hold back the development of civil organizations. It is a kind of pre-review and approval requirement based on the distrust of civil organizations. The annual inspection of civil organizations, private non-enterprise units and foundations by both the professional supervisory body and the administrative agencies for registration is more likely to be a formality than an actual, substantial examination. This kind of regulation requires a lot of time and energy and has no significance, and thus could be replaced by evaluations and rankings published regularly by non-governmental performance evaluation bodies. Different types of non-governmental performance evaluation could compete with each other. The development of an objective and scientific system of evaluation could become a strong driving force for civil organizations to improve their performance.

(8) It is unreasonable that the administrative agency for registration and the professional supervisory body have such a large power of discretion on the issue of the punishment and suspension of civil organizations. The provisions contained in the laws and rules relevant to this area are too vague and abstract; the range between upper and lower limits for fines and suspensions of CSOs is very wide. This undoubtedly increases the discretionary power of

the agency for registration, the professional supervisory body and their staffs. Additionally, in China today, the decision of whether or not to abolish or suspend a civil organization is made by the department of civil affairs, and the function of administrative reconsideration is also performed by the same department. Thus, those civil organizations faced with abolition or suspension have no way of requesting a judicial remedy.

4. Analysis on the causes of institutional barriers toward the development of civil society's organizations

Since the beginning of reform and opening up, the relevant policies and laws have had a strong tendency to prescribe a style of management of civil organizations that is very control-oriented.   The purpose of this kind of control-oriented management is to prevent the existence of hostile civil organizations, which pose a huge threat to the political order and state security. This management style aims to prevent civil organizations from engaging in political activities that endanger social stability and state security for fear that China will experience a situation similar to that which previously occurred in Eastern Europe and some former Soviet states, where civil society fought against the state. Maintaining political stability was the major consideration of the institutional environment's designers and creators when they considered this issue. The control-oriented policies and rules are based on the theoretical assumption that a dichotomy of civil society versus state always exists, and thus intentionally or unintentionally shapes civil society organizations as the state's enemy. This assumption also eliminates any possibility of making civil society a partner of the state.

The political attitudes of party and government leaders on various levels toward civil organizations have undergone a process of evolution. In the 1980s, party and government leaders at various levels mainly avoided civil organizations. This kind of attitude was enhanced as a result of the 1989 Tian'an square event. Therefore, an orientation towards control and containment become the keynote policy during this period. After the mid-1990s, with the preliminary establishment of the market economy and the further transformation of government functions, government and party leaders began to evaluate the role of intermediate social organizations as being more positive. As a result, the development of various intermediate social organizations experienced a more tolerant environment after the 15th national Party Congress. After the 16th Party Congress in 2002, with private economy gaining legal protection, government and Party leaders at various levels had more positive attitudes toward private non-enterprise units than before, and thus the environment surrounding the development of private non-enterprise units become increasingly friendly. In 2004, the fourth plenary session of the16[th] Party Congress put forward the goal of building a harmonious socialist society, defining the roles played by the party and the government, by society and by citizens separately as those of leadership, corporative partner and participants. It thereby specified three positive roles of associations, trade societies and social intermediate organizations; specifically, to provide services, to write petitions, and to normalize behavior. As a result, the attitude of party and government leaders at various levels toward the roles of civil organizations is becoming more positive than before. Consequently, paying equal attention to both the encouragement and the supervision of civil organizations has become keynote policy. At the same time, the ruling party and government

have adopted the strategy of treating various types of civil organizations differently and combining selective support with selective restraints. Party and government leaders at various levels are more willing to affirm, support and encourage public welfare, non-profit and apolitical civil organizations, which include community service organizations, professional economic and technological associations in rural areas, charities, and private non-enterprises units. When faced with those grassroots organizations that have not officially registered with the department of civil affairs but are politically harmless and needed by society, such as, flower fairs, temple fairs and elders societies, most local party and government leaders adopt a tolerant attitude and thus a 'green light' policy. However, party and government leaders at various levels express their political distrust and adopt distant attitudes toward civil organizations which have strong political and religious features, such as those involved in the issues of ethnic groups, religion, social science, interdisciplinary subjects of natural science, youth, women and children, and the safeguarding of citizen's rights, as well as towards those with close links to foreign non-governmental organizations and foundations. In general, the official attitude toward civil organizations is contradictory. On the one hand, the government hopes to play the roles of advisor, assistant, and connecting bridge to civil organizations. On the other hand, due to the influence of the Ukrainian Orange Revolution, government and party officials are afraid that civil organizations will become an anti-regime force that challenges their authority, and thus their trust of civil organizations is very low. These are the underlying causes of adopting restrictions by means of high entry requirements and strong controls on civil organizations. This motivation could also explain the reasons why the government and party have adopted both the strategy of paying equal attention to the support and supervision of these organizations and the tactic of combining selective support with selective restraint.

Party and government officials and ordinary citizens also have little confidence in and are even sceptical of civil organizations. In ancient China, civil organizations were identical with secret societies; the latter would usually stand in opposition to government. The tradition of people fighting against the government mainly came from the well-organized force of secret societies. In contemporary China, people tend to trust the ruling party and government; many people think that civil organizations are non-governmental organizations and that the latter is a force of dissidence towards the ruling party and government and could easily become anti-government organizations. For this reason, the people adopt an attitude of skepticism, keeping away from and boycotting civil organizations. For example, during the period of 2003 when SARS became rampant, the central government assigned just two official charities to accept donations; all other non-profit organizations were forbidden to receive any donations due to the government's 'regulating the market for donations'. From one perspective, this reflects the fact that some governmental officials have a deeply-rooted distrust of private non-profit organizations. According to the Peking Law School's Center for Women's Legal Study and Assistance, another example of this distrust can be seen in the fact that many people are accustomed to thinking that civil organizations are identical to non-governmental organizations and automatically mean the lack of government and anarchy. As a result, they meet a lot of limitations when they engage in their activities. This indicates that civil organizations face certain limits to their recognition; some people will never be prepared from

their hearts to accept civil organizations (Guo 2000: 34). However, it is necessary to point out that, with the development of society and economy and the rise of enthusiasm for citizens' voluntary associations, various civil society organizations formed by these citizens' voluntary associations are shaping the image of volunteering, service and public welfare, and thus changing gradually the traditional image and ideas. Regarding these more typical civil organizations, the degree of trust from citizens within and outside of these organizations and from party and governmental officials is improving gradually.

5. Conclusion

In 30 years after the beginning of reform and opening up to the outside world, civil society organizations have multiplied rapidly and the number registered civil organizations has risen greatly, from 4,446 in 1989 to 315,000 in 2005. But on the other hand, there is still a huge number of civil organizations which are not registered with the department of civil affairs. In addition, the existing civil organizations have structural weaknesses, including a serious lack of size and strength, a shortage of funds, low capacities and efficiency, abnormal internal management, etc. Both the achievements and weakness of civil society's development have close links to the current institutional environment in which civil society exists. The relevant policies and administrative rules aimed at fostering civil society organizations and the goal of building a harmonious society have forcefully promoted the development of civil society organizations. However, there are also some negative factors within the existing institutional environment that work against the development of civil society organizations. The major obstacle is that a supervisory system oriented towards containment and control has restricted the development of civil society organizations and impeded the realization of the goal of building a harmonious society. The setup of an enabling and empowering management system for civil organizations (Gu 2005: 11-17) that aims at realizing the harmony and cooperation between civil society and state and pays equal attention to fostering and supervising civil organizations should be the direction for improving the institutional environment for the development of civil society in China.

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Foundations as actors and sponsors of civil society in Germany

1. Introduction
1.1. Outline

The aim of this paper is to investigate foundations as actors in German civil society, their relation to the state and to business, and the potential benefits that their activities can generate by complementing state and business action. Including foundations as a part of civil society may seem controversial at first. Foundations lack some of the main characteristics that one normally expects of civil society actors according to the classical definition: They are neither membership-based nor do they represent the interests of clearly predefined societal groups such as workers or employers. Over the last few years, however, a growing consensus has been evolving, on the need to embrace foundations in a definition of civil society, as their financial independence gives them a high degree of autonomy from the state and their work often particularly well represents modes of behavior considered typical for civil society (Adloff 2005: 90 ff.).

So far, the foundation sector has been rather rarely covered in academic literature. A major reason for this may lay with the sheer diversity of the legal and organizational structures as well as the wide variety of the missions that make any overview and structured comparison difficult in terms of design and empirical investigation. Still, the lack of coverage is surprising given the rapid growth of the foundation sector over the last few decades in Europe and in Germany in particular. This growth can be illustrated by two major trends: The total number private foundations with legal capacity under civil law, the most common type of foundation in Germany, was 16,406 at the end of the year 2008. Of these, 11,504 have been set up since 1990 and the growth rate has risen to more than 1,000 annually since 2007 (Bundesverband Deutscher Stiftungen 2009). A second type of organization that now enjoys a high degree of awareness in German public discussions are community foundations. The idea for these initiatives, which citizens start in order to respond to social needs on the local and regional levels, was adopted from the United States in the 1990s (Initiative Bürgerstiftungen 2009a). After 12 years of rapid growth and a record increase of 30 start-ups in 2008, there are now 210 community foundations (Initiative Bürgerstiftungen 2009b), pointing to a growing relevance of the phenomenon for local fund raising and civic engagement in Germany.

Starting from the existing research deficits and the outlined empirical findings, this paper will first define foundations and the most important subtypes. In a second step, foundations are situated in German civil society by drawing on mission statements and on the political discourse accompanying the sector's development. In the remainder of the paper, the interaction of foundations with the state and business are discussed.

1.2. Definition and types of foundations

The foundation sector is characterized by a variety of legal models, organizational

structures, missions and fields of activity. This makes it necessary to start with some clarifications. With the objective of thinking about civil society organizations in a comparative perspective, it seems useful to highlight three elements of the definition that can be considered essential to the foundation sector in different states. First, irrespective of the concrete legal form it takes, a foundation must dispose of assets which it can use independently to pursue the purposes set out in its constitutive documents with a long-term orientation (Bundesverband Deutscher Stiftungen 2008: 10). Second, the foundation is a non-profit distribution entity serving a certain purpose. Third, the foundation is a non-membership based organization (Anheier 2001: 3).

In order to further structure the German foundation sector in this paper, it is useful to focus on a subset of foundations. First, only foundations serving public goods (charitable foundations) will be considered, excluding any type of family foundations which are primarily set up to preserve family assets and are thus judged to serve private interest. With respect to the definition that will be outlined below, family foundations are outside civil society. Accordingly, the paper will focus on charitable foundations which enjoy tax exemption under German law. It is noteworthy that this status is not limited to foundations, but can also be acquired by other legal structures, such as associations or limited liability companies. An entity is considered charitable if its activities are directed at promoting the public benefit in material, spiritual or moral aspects.[1] Second, the paper will leave out church-related foundations, although there were about 120.000 of this sub-type in 2006 and they have been playing a very important role in German non-state welfare work, in particular as supporting organizations for local charity or public welfare institutions (Bundesverband 2008: 13 ff). Third, all foundations with direct state involvement are excluded, as they are governed by public law. In these cases, the state preserves its sovereign rights, including the possibility to take back the property. Therefore, public foundations represent neither civic philanthropy nor a permanent endowment which is characteristic of private foundations (Sprengel 2000: 234). Fourth, many civil society organizations carry the word foundation in their name but have a different legal character and are therefore excluded. This includes the so-called political foundations, which are close to political parties but are actually registered societies (*eingetragene Vereine*) funded by the state.

After these four qualifications, there is basically one type of foundations which is particularly interesting from a political science perspective: private foundations with legal capacity under civil law. These foundations are set up by individuals, groups of individuals or legal entities.[2] They must have an executive board and regularly have a board of trustees and a founders' assembly. Many foundations of this type have been set up by companies or are related to companies. The foundations are sometimes the owners of that company and/or receive regular revenues from the company's business operations. Another important group are community foundations, which are set up by a group of citizens to promote public

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[1] Abgabenordnung in der Fassung der Bekanntmachung vom 1. Oktober 2002 (BGBl. I S. 3866; 2003 I S. 61), zuletzt geändert durch Artikel 89 des Gesetzes vom 17. Dezember 2008 (BGBl. I S. 2586 mWv 1.9.2009), §52.
[2] Bürgerliches Gesetzbuch in der Fassung der Bekanntmachung vom 2. Januar 2002 (BGBl. I S. 42, 2909; 2003 I S. 738), zuletzt geändert durch Artikel 5 des Gesetzes vom 10. Dezember 2008 (BGBl. I S. 2399), §§ 80 f.

purposes in a geographically limited area and pursue a long-term fund-raising strategy (Bertelsmann Stiftung 2009).

In general, one can distinguish grant-making, operative, and mixed foundations. The majority of foundations focus exclusively on grant-making, but the wealthiest foundations are all either operative or mixed. The main purposes of foundations in Germany, as laid out in their founding documents, are social purposes (32%), science and research (13 %), education (15%), arts and culture (15%), protection of the environment (4%) and other causes. Very often foundations have more than one purpose, which gives them a higher degree of flexibility in designing their funding strategies (Bundesverband Deutscher Stiftungen 2008: 35).

2. Foundations as actors in German civil society and their relation to the state and business

2.1. Recent debates about civil society in Germany

In order to better understand the current role of foundations in German civil society, it is essential to understand the current interpretation of civil society in German political and academic debates.

Starting from the diverse definitions developed in the academic literature, civil society can be described at a minimum as the space between the individual and the private realm on the one hand, and the state and the market on the other hand. This realm contains the totality of associations, organized interests, and social movements that are based on the voluntary commitment of citizens, act independently from the state and are oriented towards non-profit, common purposes (Adloff 2005: 8; Pollack 2004: 27).

Many authors attribute additional elements to a more complex definition, focusing on specific modes of action inherent to civil society. These features include self-organisation and peaceful means of action in a public space of diversity and heterogeneity (Gosewinkel et. al. 2003: 11). On the one hand, this broader definition points to a normative understanding of civil society as being a sphere shaped by ideals of civility, self-limitation and toleration. On the other hand, from a more analytical point of view, civil society appears as a pluralist setting and non-ideological procedural arrangement of social relations, allowing people with diverging interests and beliefs to accept differences and to coexist peacefully (Adloff 2005: 7; Pollack 2004: 29 ff.; Trentmann 2000: 3 ff.).

More recently, the term non-profit or voluntary sector has been used to describe a collection of entities with non-coercive membership that do not distribute profits to stakeholders and exist without clear lines of ownership and accountability. As Frumkin points out, these organizations assume four functions, namely to "promote civic and political engagement, deliver critical services within communities, provide an institutional vehicle for social entrepreneurship, and allow the expression of values and faith" (Frumkin 2002: v).

Against this background, the dominant line of current academic and political discussions in Germany sees civil society primarily as the civic engagement of citizens, which leaves aside many of the ambiguities and competing definitions of the concept (Schmidt 2007:

15ff.).[3] This may be seen by analyzing the findings of the Study Commission of the German *Bundestag* (the federal parliament) and the academic discussions that surrounded the work of this commission.

The Study Commission on the Future of Civic Engagement (*Enquête Kommission des Deutschen Bundestag zur Zukunft des Bürgerschaftlichen Engagements*) in Germany was set up by the German parliament in 1999 to work out concrete political strategies and measures to promote voluntary, public-interest-supporting, non-profit civic engagement in Germany (Deutscher Bundestag 1999).

It is worth noting that the Study Commission did not distinguish between the terms of *Zivilgesellschaft* (civil society) and *Bürgergesellschaft* (society of citizens). This reflects the guiding motive of civil society as a

> "polity in which citizens can organize themselves according to democratic rules and influence the manner in which the community evolves. [...] civil society manifests itself wherever voluntary associations are formed, opportunities to contribute and help mould society are seized, and citizens assume responsibility for the common good."
>
> (Deutscher Bundestag 2002a: 24; 2002b: 4)

In its conclusions, the Study Commission develops a wide range of recommendations of how to strengthen the attractiveness of civic engagement and to make full use of civil society's potential to socially, politically and culturally integrate society.

All in all, the Study Commission's first major contribution can be seen in the creation of a new overarching framework for so-called 'engagement politics'. In this approach, the attention shifts from the recruitment of citizens for certain tasks to the restructuring of institutions in civil society and the state in order to make them attractive and open for participation (Klein 2008: 222 f.). The underlying assumption here is that only where structures can be substantively influenced will citizens see sufficient incentives to become involved (Pollack 2004: 37).

The second important aspect of the Commission's work lies in a new definition of the relations between the three sectors. Civil Society, along with the state and the market, is seen as being one important element in a tri-sectored approach to create a new welfare mix and to deal with societal problems. According to the Commission, the state may assume new roles in this context as an enabling, encouraging or activating state that puts citizens in a position to articulate their interests and that creates opportunity structures for civic engagement (Deutscher Bundestag 2002a: 25 f.). This also takes into consideration that the relation between the Third Sector and the state is not a zero-sum game, but rather a cooperative arrangement in which civil society needs a strong state and a strong economy in order to develop its full potential and vice versa (Adloff 2005: 199; Lamping and Koschützke 2002: 27 ff.).

This very brief outline clearly shows that civil society is confronted with both new opportunity structures and far-reaching demands in Germany. While this development may

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[3] See also Schmidt in this compilation.

generally seem desirable for many organizations aspiring to develop their strategies and activities, critical voices also point out the danger of the state transferring its responsibilities to civil society actors in times of scarce public resources (Zimmer and Nährlich 2000: 9 ff.).

2.2. Foundations as a part of German civil society

Considering foundations as civil society actors may at first seem controversial. Foundations represent private agendas set up by individuals for the promotion of certain goods considered important by their founders. With the exception of community foundations, they are not membership-based and therefore have no internal mechanism of democratic control. After their establishment, they may strive for influence and specific policy objectives without being responsible towards the broader public (Anheier and Daly 2007: 3 ff.; Sprengel 2000: 231 ff.; Timmer 2005: 140).

There are good arguments, however, to see foundations as an essential part of civil society that creates benefits for other organizations involved, as well as for the state and the market. To start with, the act of setting up a foundation is a credible act of long-term commitment by an individual or a group of people. In contrast to other types of engagement, founders give their money irreversibly without expecting an immediate return and thereby display their desire to create a sustainable means of support for a certain cause (Sprengel 2000: 241). After their establishment, foundations may be characterized by a sometimes irritating variety of missions. In this respect, their individual orientation rather represents minority interests, but the aggregate of all foundations together assures the diversity of civil society and the representation even of marginalized interests. Therefore, it has been convincingly argued that the preservation of pluralism is one of the core functions of foundations in civil society not only in Germany, but across institutional contexts in many countries (Anheier 2001: 27). This function is a particularly strong aspect of foundations, as they control independent funds and therefore have a larger degree of autonomy than other civil society actors do in selecting their fields of activity. Also, financial independence may increase the responsiveness of state actors, because the foundation disposes of a credible exit option to back up its negotiation power (Pollack 2004: 34).

In addition, many larger foundations see themselves as actors who are embedded in society and increasingly respond to the changing expectations of their political and societal environment. The missions of foundations may be fixed in their founding documents; in reality, however, they are neither unchangeable nor static. As Prewitt has shown for the US foundations sector in the 20th century, the interpretation of the acceptable practice of a foundation is socially constructed and subject to change over the years. Today, foundations are expected to include participatory approaches, display transparency in their actions and use a language that is oriented towards their target groups (Prewitt 2003: 318, 345 ff.; see also Heydemann 2005: 22). In this way, they become more accountable and automatically react to expectations of the broader society.

In addition to these rather general remarks about the genesis and the theoretical role of foundations, the investigation of concrete action provides further ground to include them into civil society. In their daily work, foundations proactively promote modes of action characteristic for civil society. First, against the historical background of dictatorship and an

advanced society breaking away into barbarism in the 1930s, Germany possesses a strong share of foundations promoting political education, civic engagement, and participation. Even in cases where this is not the explicit main purpose, support for other ends such as youth or education is built upon the understanding of educating young people to become responsible and critical citizens in a democratic polity. In this respect, many foundations see their main task as the creation of social capital by strengthening the individual's awareness and capacity to actively take part in civil society. Second, foundations ideally use and promote types of action characteristic for civil society, such as horizontal networking across boundaries, and use them to start new civil society groups, build coalitions across groups, and pursue multi-year capacity-building plans (Adloff 2005: 90 ff.; Anheier and Simmons 2005: 12 ff.).

Third, the development of community foundations has given further impetus to the civil society orientation of the foundation sector in general. It is noteworthy that the rise of this new citizen-based type has been widely supported by the Bertelsmann Foundation, the fourth largest private foundation by annual spending. The idea of community foundations is to give citizens the chance to get directly involved in local and regional affairs, not only through donations, but also as active members of the foundation and as decision-makers. Community foundations mainly act as catalysts for civic engagement by offering potential donors a framework to easily select and support projects as well as by structuring the available funding options for potential recipients. In this way, community foundations occupy a niche in the Third Sector: they act as funding organizations and help interlock the relevant actors in a geographically restricted area (Hoelscher 2007: 20, Kappe 2000: 268 ff.).

2.3. The relation between foundations and the state

The relation between foundations and the state is, first of all, shaped by the legal framework offered for the work of foundations. This becomes most obvious in the definition of purposes which the state recognizes as charitable, which also form the basis for tax exemption. With two major reforms of the legal framework for foundations in 2000/2 and 2007, the German state has raised the amount of money eligible for tax deductions from 307,000 to one million Euros and extended the deductibility for contributions after the first year. Furthermore, it has increased the discount for donations by private persons to 20% (previously up to 10%) and to 4/1000 of the turnover and salaries for companies (Bundesverband Deutscher Stiftungen 2008: 18).

Therefore, the question evolves as to what benefits the state expects from a strong network of foundations. For some of the foundations, this question is relatively easy to answer, as they perform functions within and are closely integrated in the German corporatist model (Anheier and Daly 2007: 18 f.). This is not true for all foundations, however, and even less for the majority of newcomers in the last twenty years.

A general argument can be derived from the above-mentioned functions of foundations in civil society. Liberal democracies such as Germany depend on the civic competence of their citizens. The optimistic expectation is that civic virtues and social capital created by foundations in civil society may spill over to the public space and positively influence the role of people as *citoyens* participating more actively in politics. On the one hand, it is assumed

that civic competence acquired through social learning is a general skill of an individual who will be prepared to cooperate better with others not only in civil society but also in politics. On the other hand, from an institutionalist perspective, the intermediary networks initiated by foundations in which civil society actors communicate and interact in overlapping memberships create cohesiveness and trust, which in turn are beneficial for the political community (Roßteutscher 2005: 6 ff.).

From another perspective, the state may see foundations as one building block in new forms of governance. Against the backdrop of scarce resources, increasing legitimacy deficits and declining governance capacities, the state resorts to civil society and business as partners in a tri-sectored approach. This holds particularly true for the local and regional levels (Gosewinkel et al. 2003: 21; Klages 2007: 274; Schuppert 2003: 214). In this new setting, civil society actors are expected to contribute to both the input and output efficiency of the political system. On the input side, they potentially serve as social catalysts bridging the distance between the political system and the needs of society. On the output side, they help with the implementation of common strategies through their far-reaching organizational structures (Trentmann 2000: 24f.; Pollack 2004: 33).

In this setting, foundations could potentially assume three functions and roles. First, they may distribute benefits to socially marginalized groups. This perspective, however, is not very convincing given the small funds possessed by foundations in comparison to the part of the state budget allocated to social purposes. Foundations can definitely not substitute for state action; they can only complement it. Second, foundations may distribute funds more effectively than the state due to their professional management and innovative strategies. Here as well, some caution is in order, as the majority of foundations are simply too small to implement coherent strategies. From a management perspective, it is unlikely that a great number of loosely connected organizations can be more efficient than a state administration. Third, they may assume the role of pioneers in promoting new innovative solutions and social change, a point that is investigated further in the following section (Anheier and Daly 2007: 13 f.; Prewitt 2006: 38; Sprengel 2000: 234).

The bottom-line argumentation for foundations as agents of social innovation is based on the fact that the German welfare state is confronted with tight budget restrictions and high levels of transfer payments. Legal obligations in fields such as unemployment assistance, health care or education need to be fulfilled, while investments and funds for innovation are in permanent danger of being cut back (Timmer 2005: 147 f.). This is where foundations can potentially step in and occupy a niche in the social system. There are many arguments for seeing foundations as well-positioned to initiate innovations and social change. They are able to bring together different subsystems of society to mobilize resources and competence for specific tasks. This seems to be even more convincing in knowledge-intensive areas and situations where a high degree of uncertainty is involved and where foundations make use of their financial independence to take risks. Here, a foundation, in contrast to the state and to the market, may risk losing on investments without being punished by voters or stakeholders (Schwertmann 2005; 203/9; Anheier and Daly 2007: 38 f.).

Still, the effectiveness of foundations in creating sustainable innovations is far from evident. Innovation as a "protracted and in consequence fraught transformation of social

thought/action patterns so as to create improved solutions for key social problems" (Gerber 2006: 31) seems to be an objective that is very difficult to achieve. A realistic account for Germany would be that foundations alone are largely unable to spur wide-spread societal change, but they can be agencies of innovation, raising inconvenient questions and helping to investigate problems and develop new solutions, finance model testing and provide venture capital (Neuer 2008: 16; Schmidt 2003: 89 f.; Bailin 2003). These innovation agencies can successfully develop new models on the micro- and meso-levels. The transfer to the macro-level, however, depends on the ability of foundations to address systemic innovation deficits, activate the potential of all three sectors, and position themselves in the political system. It is crucial that foundations also develop string ties with the state in order to get their innovative models integrated into the regular system. Otherwise, the concept of innovation agencies would become meaningless, as foundations would not be able to withdraw their capital after the pilot phase in order to allocate it to new projects (Gerber 2006: 34 ff.).

2.4. The relation between foundations and business

The last relation that needs to be investigated in the context of this paper is the interaction between the foundation sector and business. Generally, there is a certain tendency by many civil society actors to draw a sharp dividing line between the two spheres. Against the backdrop of many negative externalities created by business operations in a globalizing world, associations, social movements, and even foundations often have to deal with companies that are no longer embedded in national markets and legal frameworks (Birsl et al. 2005: 10; Keane 2005: 23).

Still, it is too simple to assume that civil society develops in contrast to and independently of the market forces and vice versa. As to the exact relationship between the state and civil society, there are good arguments for a mutual dependence, even if we subscribe to the definitions of civil society outlined above. From the business perspective, there are two main arguments. First, the market's ability to function well generally depends on norms that the market is unable to provide itself, such as trust, cooperation and non-violence (Keane 2005: 44). Second, market economies regularly fail to allocate a sufficient amount of public goods and to guarantee their normatively acceptable distribution in society. Furthermore, from the civil society perspective, such a sector can only develop in a relatively prosperous economic setting. Even in countries with broad citizen participation, civil society organizations are primarily supported by the middle classes.

Foundations are a primary example of this mutual dependence and of both the productivity and the tension that might arise from this relationship. Many foundations in Germany, as well as those in many other countries, owe their existence to the immense wealth accumulated through industrial capitalism in the 19th and 20th centuries (Prewitt 2003: 321). The prime examples are corporate foundations, which are also the most obvious example of an entwinement between business and civil society (Birsl et al. 2005: 1). By setting up corporate foundations, companies enter the realm of civil society. This step may create some tensions, as the motivation for the company often may be to publicly display good citizenship in an environment that has become much more attentive to the impacts of

business operations on labor markets, social systems, human rights and the environment. The popularity of concepts such as Corporate Social Responsibility (CSR) or corporate citizenship illustrates this trend. There is a danger here that foundations are only used to support the business interest of the company associated with it (Birsl et al. 2005: 16; Keane 2005: 49).

On a general level, one should expect that all corporate foundations function in a way as a means of promoting entrepreneurship and market-based capitalism, as they reflect the will and life experience of a founder or founding company which owes its success and wealth to this economic system. Their mission may be directed towards the alleviation of harm for the losers of this system, but not towards systemic change (Prewitt 2003: 326 ff.). A closer look is needed, however, to assess the risk of a colonization of the civil society actor foundation by the company associated to it. The main question is whether the foundation may preserve a certain degree of financial independence that allows it to act on its own, as well as an internal logic of action oriented towards the public good (Schwertmann 2005: 211).

It seems useful here to distinguish two basic types of corporate foundations. The first and rather traditional setting implies that the foundation is established as the owner of a company and holds the majority of shares in its foundation assets. The foundation normally controls a large property, but has no voting rights or other direct influence on business operations. This legal framework is often used when family-owned companies are at risk - for example, in the case of a succession or when the founder of a company wants to assure the long-term existence of the company. In this case, the risk of a colonization of foundation operations by the company is rather low and the foundation enjoys a large degree of financial and organizational independence. The second, more recent, occurrence of a corporate foundation is the so-called CSR or pass-through foundation. This type is also legally independent from the company, but has no real foundation assets at its disposal. Instead, the company regularly provides the foundation with money to pursue its mission. Consequently, the foundation is less independent than the first type and is closely integrated into the corporate communications and CSR activities of the company.[4]

Obviously, it will be easier in the first setting for the foundation to pursue its mission on a stable and independent basis, as the funds at disposal are not linked to the profit situation and the business strategies of the company. A look at the German foundation sector reveals that this type still holds a position of importance, with foundations controlling shares of companies equalling more than € 100 billion (according to the accounting value) and distributing € 700 million every year (Bundesverband Deutscher Stiftungen 2008: 25 ff.). Still, these are only minor funds in relation to the annual state budget for social purposes and the budgets available to companies. Therefore, foundations may be independent in terms of innovating and developing new models, but in order to achieve broader societal impact, they need self-sustaining solutions that are economically viable and partners to implement them (Jantschek 2009). Therefore, some authors convincingly argue that the corporate foundation has to develop its own separate identity and expertise but can only develop its full potential when it preserves close ties with the company, as it then has access to additional financial

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[4] For definitions see Junck 2007: 14.

resources, expertise and opportunities for cooperation. Consequently, the CSR foundation is not automatically an unsatisfying solution, as long as the foundation has a separate senior management from the foundation sector and a separate identity (Schwertmann 2005: 210 ff).

Lastly, it should be kept in mind that foundations have undergone a process of professionalization over the last years that was often influenced by management strategies in private companies. A recent example of this process is the concept of venture philanthropy, derived from venture capital. According to this strategy, foundations should engage in temporary and limited, but intense, commitments to promote the capacity-building of non-profit organizations. The foundation should invest money and guidance and, in turn, expect a clearly defined result according to previously agreed-upon benchmarks (Hoelscher 2007; Frumkin 2004).

3. Conclusions

This paper has dealt with private foundations under civil law and community foundations as two important subtypes of the foundation sector in Germany. Following the academic and political debates in Germany throughout the 1990s, civil society can be defined as the totality of associations, organized interests and social movements that are based on the voluntary commitment of citizens, act independently from the state and are oriented towards non-profit, common purposes. This space is shaped by ideals of civility, self-limitation, and tolerance. It represents a pluralist setting and a non-ideological procedural arrangement.

Within this definition, foundations appear to be important sponsors of civil society, which help to preserve pluralism and strengthen the independence of other civil society actors vis-à-vis the state and business. Ideally, they proactively promote modes of action characteristic for civil society such as participatory approaches and horizontal networking. This is particularly true for community foundations, which are membership-based and help to interlock the relevant actors in their region of activity.

In Germany, the state offers a relatively beneficial legal framework for foundations based on tax deductions and exemptions. In return, the expectation is that foundations (and other civil society actors) foster civic virtues or social capital and contribute to governance in a tri-sectored approach. In particular, foundations seem particularly well-positioned to act as catalysts for social innovation. It is a question for future research as to how far foundations are able to develop new solutions on the micro- and meso-levels and help transfer to the macro-level.

The relationship between business and foundations is based on mutual dependence. On the one hand, foundations, like other civil society actors, provide the norms necessary for the functioning of the market. On the other hand, the largest foundations are often set up with the wealth accumulated through industrial capitalism. As a result, many foundations in Germany are linked to companies, either as corporate foundations or as CSR foundations. One important effect of this relationship is the spill-over of business practices into the management of philanthropic organizations.

Overall, it has to be noted foundations form an important backbone of German civil society, but their potential benefits have not yet been fully realized. Foundations themselves need to set up coherent strategies to engage with state, business, and other civil society

actors. In addition, the foundation sector in Germany is dynamic but still relatively weak in comparison to other countries, notably the United States and Great Britain. Therefore, some of the positive accounts of foundations as strategic actors, as important sponsors of other civil society actors and as carriers of social innovation are very much inspired by the Anglo-Saxon debate and seem to apply for only a limited number of organizations in Germany. Future empirical research should therefore pay attention to these aspects and assess the real impact of foundations. In addition, as one of the main functions of foundations is generally seen in their capacity to preserve plurality, more attention should be paid to the causes, recipients, and long-term effects of funding activities in order to test this hypothesis. This seems to be a productive avenue for future research, not only in the national contexts, but also in comparative perspective and in regard to the transnational activities of foundations. In this way, researchers should aim at tracing the normative models promoted by foundations and develop benchmarks to examine the effectiveness of their actions.

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Civil society organizations and governance: The German consumer organization "Consumer Initiative"

1. Consumer protection in Germany

Since the beginning of industrialization, consumer protection has been an important issue in western countries. Based on the imbalance which occurred between producing industry and consumers, there has been an increasing need for consumers' support. Since the industry distributes mass products, consumers are structurally disadvantaged; they have comparatively less information and expertise on goods and services that they did not produce themselves. Hence, the belief evolved that standards of consumer goods and services, e. g. issues of quality and security standards or of prices, should be controlled by civil society.

The first consumer organizations in western societies evolved in the 19th and at the beginning of 20th centuries, mostly as food cooperatives or housewives' associations. The main focus of consumer organizations at that time was on health-related issues and housing.

The first consumer organization in Germany was founded in 1953, initiated by representatives of clerical and welfare organizations, among others. It followed the rationale that consumers needed a strong counterbalance to the economic associations of industry. By the beginning of the 1960s, a consumer organization had been founded in every German federal state, followed by the foundation for testing goods and services (Stiftung Warentest) in 1964.

Today consumer protection in Germany is widely institutionalized and even represented by a Ministry for Consumer Protection that was established in 2001 (Federal Ministry of Food, Agriculture and Consumer Protection). Additionally, non-governmental organizations focusing on consumer rights and political parties with consumers delegations also represent consumer rights.

In general, consumer protection means securing consumer rights: the right to health protection and secure products, the protection of economic interests, the right to compensation, and the right to comprehensive information and the representation of consumer interests. One of these advocacy groups is the German organization "Consumer Initiative".

In the 1980s, as part of the *zeitgeist*, Consumer Initiative supported consumers' rights predominantly by promoting non-consumption. Today, the organization gives information to not only consumers but also to affected stakeholders in order to encourage sustainable consumption.

2. Sustainable consumption

Since the Earth Summit in Rio de Janeiro in 1992, sustainable development and sustainable consumption have become central issues for all stakeholders engaged in environmental and development organizations.

Sustainability in consumption means taking care of social and ecological responsibilities. This involves first and foremost western consumers who influence production schemes in developing countries through their patterns of consumption. The consumer himself is seen as 'player' in civil society when influencing public consumption policies (Spargaaren, 2003).

The transition to a more sustainable society has become a valued concept in many modern societies. Through their recognition of the limits of energy and environmental resources, citizens have gained awareness of the social and environmental conditions surrounding production and consumption. Civil society has started to evaluate its own patterns of consumption, not least while realising that these are related to economic globalisation and global markets (Scherhorn, 2002).

Civil society has realized the limits of natural ressources and the necessity to integrate energy, environmental, health and social aspects into the production process. Ethical values have turned out to be important when buying products, e.g. the avoidance of child labour or inhumane working conditions. In 2008, more than 68 percent of German consumers stated that they considered buying ecologically produced items, and 60 percent indicated that they boycott companies that harm the environment (Umweltbundesamt, 2008).

The transition in citizens' values also challenges CSOs (civil society organizations) in general, and consumer organisations like the Consumer Initiative in particular, to support sustainable consumption, especially with respect to still non-sustainable target groups.

Since the Earth Summit and the ratification of Agenda 21, sustainable development has become a political field of action and is now subject to a process of stakeholder dialogue (Bundesumweltministerium, 1992). A further declaration on sustainable consumption was signed by many stakeholders, including the retail sector. It was made clear that consumers are not the only ones responsible for sustainable consumption; instead, sustainable development needs a social and economic framework, too.

Against the background of the Agenda 21, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the Federal Environmental Agency initiated a national dialogue process. The food sector in particular turned out to be a good example of a branch where sustainable products and consumption patterns can be supported and successfully implemented.

The federal government's 2007 integrated energy and climate programme demonstrates ambitious targets for the enforcement of energy efficiency in order to encourage climate policy and the protection of resources. Incentives were created to encourage the purchase of most efficient technology and products. Nevertheless, the ambitious targets contrast with the ever-increasing amount of energy used for production and consumption. One important reason is the growing number of electronic devices in private households. Between 1990 and 2005, the energy demand of private households in Germany increased at a rate of 21 percent (Fischer, 2008).

Thus, the retail sector will play a crucial role as a partner in and motor of this development, distributing sustainable products, delivering valid information on sustainable items, and participating in campaigns and other activities. Information from the retail sector decides which products will be produced and sold in stores. In order to reach consumers, the retail sector needs to support sustainable products and services and make sustainability an

integral part of their corporate culture. Therefore, the Consumer Initiative demands more corporate social responsibility from producers and from the retail sector.

3. The role of the Consumer Initiative

The Consumer Initiative is a non-profit civil society organization. It was founded in 1985 at the peak of the environmental movement against nuclear energy, deforestation and air pollution. The organization focuses on ecological, social, nutritional and health-related issues of consumer protection.

Trust in institutions and organizations	2000	2002	2006
Environmental NGOs	2.3	2.3	2.2
Public campaigns/action groups	2.5	2.4	2.4
Consumer organizations	**2.6**	**2.5**	**2.6**
Churches	3.6	3.4	3.5
Trade unions	3.5	3.4	3.6
Industry	4.0	3.8	3.9

Mean values
codes from 1 to 5: low values=high trust

Table 1: Trust in Institutions and organizations (Source: Umweltbundesamt, 2006)

Compared to industry, trade unions and churches, environmental and consumer organizations enjoy a high degree of trust from civil society (see table 1). This fact is related to the independent position of such organizations. In order to keep its independence, the Consumer Initiative relies on membership fees and the support of other organizations, receiving financial support from the state for projects only on a temporary basis.

As Table 1 shows, consumer organizations are seen as trustworthy organizations that give reliable information about products and services, which becomes especially important considering the modern superabundance of media. The Consumer Initiative focuses especially on one area of consumption: the support of the idea of sustainable consumption, or, in other words, socially and ecologically reasonable and lasting consumption.

The challenge for Consumer Initiative is to explain specific issues of sustainability (e.g. climate change, loss of biodiversity) to consumers in order to give them practical advice for their individual engagement in sustainable consumption. One example is a tool for "climate-friendly shopping", which calculates individual carbon footprints and shows how greenhouse gases can be reduced in private households.

4. Consumer organizations and governance

Consumer organizations fulfil many different roles while arguing for consumer rights and representing consumer interests. As watchdogs, the central functions of consumer civil society organizations (CSOs) are to observe governance processes, identify deficiencies and influence the policy process, all parts of representing their target groups.

Another task is to function as an interpreter between state and civil society. CSOs have the time to do research on specific crucial issues. CSOs then make these issues public in order to give consumers access to information which they usually don't have.

Additionally, consumer organizations like the Consumer Initiative have the means to transfer information quickly and significantly to other CSOs. As a consequence, attempts to influence the public political agenda have a more meaningful effect than they would if CSOs only engaged in publicity work on their own.

CSOs like the Consumer Initiative also serve as advocacy groups that represent their members and supporters. They represent consumer interests, inform the public about questionable consumption conditions and offer alternatives. In order to reach as many people as possible most effectively with their concerns, public campaigning is also a crucial strategy for CSOs.

The division of tasks between the state, companies and CSOs like the Consumer Initiative as a representative of consumers, and therefore of civil society, can be described as follows: CSOs try to adjust the imbalance of power between the state and companies on the one hand and civil society on the other hand by strengthening consumers' power through the provision of adequate information on consumer goods and services, and through their watchdog function. Consumer organizations have the means of gaining consumption-related knowledge and making it public. Their task is to deliver information that helps consumers to orient themselves in regard to products and which consumers themselves cannot obtain due to a lack of time and means.

Based on independence and trust, consumer organizations like Consumer Initiative are integral institutions for democracy, as they generate and deliver knowledge relevant for taking action. Hence, they support citizens' responsibility and strengthen civil society. This can, at the very least, be considered as a meaningful model for democracy itself.

5. Stakeholder dialogue

Consumer Initiative, as a representative of consumer interests, is involved in negotiating consumer interests on many different levels. In a multilevel governance process, the organization takes part in the policy process on the national, regional and local level in selected areas.

Consumer Initiative gives thematic input and functions, with the help of media and scientists, as a mediator between federal, regional and local governments, companies, other non-governmental organizations and civil society (see Table 2). In the German parliament, more than 2000 CSOs are registered as lobby groups that influence the policy process with their concerns (Deutscher Bundestag, 2009). he Consumer Initiative focuses less on policy consulting. Its tools are first and foremost public campaigning and media work rather than legislative agenda-setting.

Moreover, Consumer Initiative cooperates with other CSOs in the field of consumer, environmental and development related issues. Shared experiences and objectives are the basis for collective action like campaigning or public relations. Cooperation with companies is rare but does occur when shared interests can be identified.
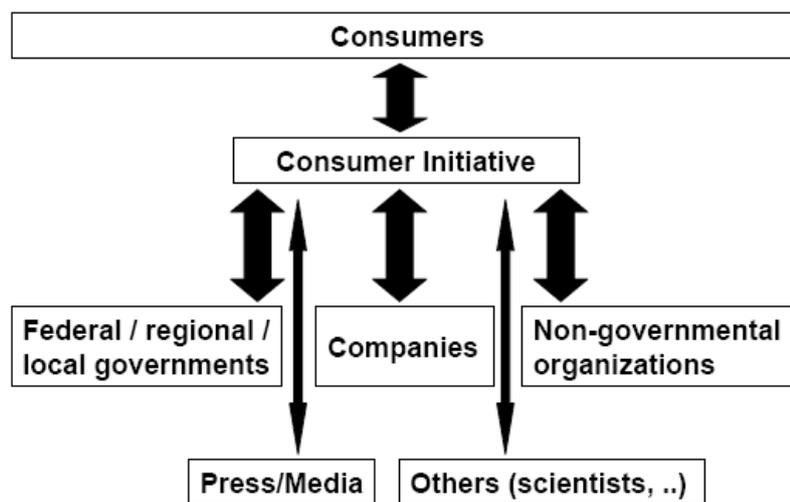

Table 2: Stakeholder Dialogue (Source: Verbraucher Initiative, 2009)

6. Encouraging stakeholders

Civil society is diverse in terms of socio-economic factors such as gender, income, age or education, but also in regard to lifestyles (Reusswig et al., 2004). One consumer can be sustainable in his or her shopping habits, but the same person can act unsustainably in his or her mobility pattern. The challenge is reaching these heterogeneous consumers, which requires a communication strategy based on target groups with a positive attitude towards sustainable consumption in different areas.

Consumer Initiative sees the encouragement of civil society, companies and government as an important feature in promoting sustainable action (see Box 1). This is done by visualizing the social and ecological manufacturing conditions of products alongside their supply chain. It is put into practice by giving consumers practical consumer information; for example their carbon footprint (the amount of greenhouse gases released during the production process) or information about the social conditions of employees in the producing factories. This "second prize label" will reflect that prize and quality were equally important in the evaluation of products.

The aim is to show consumers that they can influence markets by choosing specific products in the place of others. Consumer Initiative makes consumers aware of the political influence of their consumption.

The Initiative for Sustainable Action.

The Initiative for Sustainable Action is a project of Consumer Initiative funded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the Federal Environmental Agency.

The nationwide project focuses on consumers and retail companies that are aware of the need for sustainability and thereby seeks to promote sustainable products. The "Initiative for Sustainable Action" intensifies the integration of best practice examples with the aim of facilitating the entry of sustainable and climate-friendly products into the market. This also includes joint activities, especially at the point of sale.

The project links to various prior activities that were put into practice together with retail companies. The initiative's objective is to encourage environmentally aware consumers and companies to support sustainable action in production, product design, distribution and consumption. Consumer information, cooperation with business enterprises and networking of stakeholders all play a crucial role in realizing this objective.

Box 1

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An analysis of the relations between China's ruling party and civil society organizations

1. Introduction

The Communist Party of China (CPC) is the ruling party of China and the core of leadership representing the cause of socialism with Chinese characteristics. The Party plays a dominant role in China's political life and also enjoys a relationship with civil society organizations (CSOs). These organizations are called New Social Associations in the Party's documents and their relation to the government is that of the leader and the led. This is a prerequisite for ensuring steady development over the long term and the bottom line for China's political reform. The relationship between the CPC and CSOs is of great importance to the development of both as well as to China's democracy in general. A full understanding of this relationship will be helpful in comprehending the characteristics of China's political system. In the text below, I will analyze and review the relations between the CPC and CSOs, between the leader and the led.

2. The leader and the led

In China, the Party's leadership means that the Party exercises power over the state and the society. In essence, it is a threefold leadership: political, ideological and organizational. Political leadership means that the Party directs the country's political principles and orientation and major political decision-making. The Party sets the major policies and principles and proposes legislation, which makes the Party's will become the will of the state through legal procedures (the National People's Congress, or NPC). Ideological leadership means the guidance of the Party on ideology. Through the Party's publicity and education work, people accept the theory of socialism with Chinese characteristics and uphold the central role of the Party's guiding ideological principles. Organizational leadership means that the Party nominates cadres to government departments, government-affiliated institutions and state-owned enterprises to ensure the role of Party organizations and members. The Party's leadership is integrated into the three aspects mentioned above: political leadership in its essence; ideology as its foundation; organization as the guarantee of all of them.

The Party's method of leadership falls into three categories. The first is legislation. The ruling party turns its views into the will of the state through legal procedures and it uses state power to ensure their implementation. This process is considered as the representation and realization of public opinions and the rule of law, and it is mandatory. The second method is administration. Through government bodies, the ruling party implements the laws and policies it advocates by administrative means. It is shown by the Party's nominations of major officials to governments at all levels, who, on the one hand, run the government in accordance with the law and, on the other hand, carry out the Party's principles and policies. These administrative decisions have a binding effect. The third is to let Party organizations

and members play an exemplary role to win the support and trust of the people and guide them to accept and implement the Party's views. This type of leadership falls into two categories. First, Party organizations have a binding influence on government departments, government-affiliated institutions and state-owned enterprises, their staff members and even their leadership, because Party organizations are usually set up within them. This kind of binding influence may be regarded as an extension of the Party's leadership by means of administration. Second, Party organizations have no binding influence upon non-public enterprises and CSOs, even if Party organizations have been set up within them.

To sum up, although there is a relationship of the leader and the led between the Party and CSOs, the Party's method of leadership varies according to the types of organizations being led. This is the key to fully understanding the relations between the Party and CSOs in China.

3. A special relationship

As mentioned above, the Party's leadership is diversified and its method of leadership varies according to the types of organizations being led. In the case of government departments, government-affiliated institutions and state-owned enterprises, the Party's leadership is realized through legislation, administration and established Party organizations, and it is mandatory and compulsory. However, in the case of CSOs, the Party's leadership is realized by means of law and government, and Party organizations, if set up within these organizations, have no binding influence upon them. If the Party's leadership cannot be realized by means of law or government, it has no binding influence on CSOs; in other words, the latter may say no to established Party organizations. So there is a dual character in the relations between the Party and CSOs. On the one hand, CSOs cannot go beyond the legal and administrative frameworks that reflect the Party's will. As long as they are abiding by the law, meaning that they accept the Party's leadership, the Party will not interfere with their activities. On the other hand, Party organizations set up in CSOs have no binding influence upon these organizations, which in turn can carry out activities independently.

The duality in the relations between the Party and CSOs demonstrate the former's leadership over the latter as well as the independence of the latter. This type of leadership is not only different from the Party's leadership of government departments, government-affiliated institutions and state-owned enterprises, but also different from the Party's leadership under a planned economy in which the Party took charge of everything. Therefore the relationship between the Party and CSOs is a special one, which complies with the way CSOs operate, their organizational structure, and their goals for China's political development.

Firstly, social organizations differ from government departments, government-affiliated institutions and state-owned enterprises in their organizational structure and method of operation, so the Party should exercise leadership over them in a different way. Government departments, government-affiliated institutions and state-owned enterprises belong to the state and to the whole society. They are established and managed by the state in accordance with the law. All of them are subject to a binding influence from the Party organizations set up within them. However, CSOs are non-profit, non-governmental

organizations, which are voluntarily set up by citizens, reflect the common will of their members and run according to their charters. They do not belong to the state or the society, but to their members. They manage, operate and take responsibility for themselves. So, Party organizations set up within CSOs should have no binding influence upon them. As long as members of CSOs are abiding by the laws and administrative measures, the leadership or guidance of established Party organizations are just optional.

Second, CSOs have diversified forms as well as varying goals and operating methods. They are numerous and flexible. Under such circumstances, it is not suitable for Party organizations set up within them to exercise leadership. By getting registered and carrying out activities in accordance with the law and subjecting themselves to government's supervision and management, CSOs intend to accept socialism with Chinese characteristics and follow the Party's leadership. As for the Party, if its views get implemented by means of legislation and administration, it can ensure its leadership influence on CSOs. If the Party exercised leadership over everything, it would not be able to manage everything well; this would do no good for its leadership, and would rather diminish its leading role and lessen its influence.

Third, through CSOs, citizens will build up contacts, exercise self-governance and safeguard their interests and rights. It conforms to the people's common aspiration and the requirements for the development of socialist market economy and socialist democracy. The Party needs to give CSOs the fullest possible scope to grow, help them to develop in a healthy way, and constantly raise the people's awareness, capability and performance of self-governance so that they will play an active role in consolidating the Party's ruling position, ease social conflicts and promote social development.

Nevertheless, in reality, the relationship of the leader and the led between the Party and CSOs is more complicated. For instance, some CSOs, out of the need for self-development, might possibly take the initiative in setting up Party organizations within their own organizations, soliciting the Party's comments and suggestions and even letting Party organizations and members play a more important role. As for the Party, the most important goal is to uphold and improve its leadership in light of the organizational structure of CSOs and the nature of their activities.

4. Party's leadership to be improved

As a socialist market economy and democracy developed in China, civil society organizations were born. Under the planned economy, social associations were either state-owned or collectively owned, so that citizens had no space for acting independently. At that time, there were actually no CSOs in the modern sense; everything was being planned and managed by the Party. Since the socialist market economy was established, it has been improved constantly: the forms of ownership are diversified, so are the methods of distribution and the pattern of interests. CSOs arose as the times required, and they developed rapidly to safeguard and realize the rights and views of various groups. How to properly handle the relations between the Party and CSOs has become an important issue that the Party must resolve. Marked changes have taken place in the Party's understanding

and practice of its leadership over CSOs during the past thirty years, especially since the Party's Fifteenth Congress in 1997. The Party has been paying more and more attention to improving its leadership.

First, the Party has paid increasingly greater attention to the role of CSOs. In the report of its Fifteenth Congress in 1997 (Jiang 1997), the goal to "[…] cultivate and expand social intermediary organizations […]." was mentioned. The report of its Seventeenth Congress in 2007 (Hu 2007) stated that CSOs should play an active role in promoting the extensive participation of people and in reporting people's demands. These reports demonstrate that the Party has given more and more attention to the important role of CSOs.

Second, the Party has paid more attention to Party-building in CSOs. In February 1998, the Organization Department of the Party Central Committee and the Ministry of Civil Affairs jointly issued a circular focused on issues of setting up Party organizations with CSOs (Organization Department of the Party Central Committee and the Ministry of Civil Affairs 1998). In 2006, the Party Central Committee pointed that it would encourage the promotion of the Party in new economic institutions and civil society organizations and expand the range of the Party's work (Central Committee of the CPC 2004). In its Seventeenth Congress report, it was stated that the Party would strengthen Party organizations at community level in a comprehensive way. In a series of documents, the Party stressed that it would improve its Party-building work concerning CSOs, and it required that Party organizations be set up in new economic institutions and new social associations (Organization Department of the Party Central Committee 2000; Central Committee of the CPC 2004; Hu 2007). The aim was to build Party organizations at every level where Party members exist.

Third, the Party has constantly been working to improve its leadership mechanism for CSOs. It put forward the concept of "new social associations" for the first time in an official document in 2006 (Central Committee of the CPC 2006). Since then, in order to improve the Party's leadership, all local Party committees have set up sub-committees for new economic institutions or/and new social associations. The local committees are thereby aiming to improve their work on Party-building in new economic institutions and civil society organizations. The Party has paid more and more attention to its leadership, oversight of and services for CSOs, and also helps them to overcome difficulties in development.

Fourth, the Party has heeded the voices of CSOs more and more frequently. In 2007, three lawyers on behalf of CSOs attended the Party's Seventeenth Congress, where they submitted the views of CSOs. Although they were very small in number, it was a significant change that had a wide impact on society and inspired other CSOs to continue along the same path. Now, the National People's Congress and the National People's Political Consultative Conference (CPPCC) of China have both created a new category - new economic institutions or/and new social associations - for their deputies/national committees members, and so have local NPC and CPPCC committees that focus on these areas.

All the changes mentioned above demonstrate that the Party is striving to improve its leadership. What is noteworthy, however, is that Party-building in CSOs has progressed slowly despite a lot of work being done. For instance, there were 71,985 social associations (*shehui tuanti*) across the country by the end of 2006, and Party organizations had been set up in 11.7% of them (Xinhua Newsagency 2007: online). The situation seemed better in

CSOs that need to be reviewed annually by the Ministry of Civil Affairs, but even in this area, only half of CSOs had established Party organizations (see the table below).

Established party organizations within CSOs* in 2006

No.	Type	Quantity	Percentage of the Total
1	Party branch	632	37.91%
2	General branch	36	2.16%
3	Party group	60	3.60%
4	Party committee	91	3.60%
5	No party organization	848	50.87%

Total number of Party members is 17,353.
*Registered Officially
(Source: Unpublished documents the author obtained from the Administration for Nongovernmental Organizations under the Ministry of Civil Affairs.)

Established party organizations within CSOs* in 2007

No.	Type	Quantity	Percentage of the Total
1	Party branch	633	39.18%
2	General branch	34	2.01%
3	Party group	51	3.01%
4	Party committee	88	5.20%
5	No party organization	856	50.59%

Total number of Party members is 16,281.
* Registered Officially.
(Source: Unpublished documents the author obtained from the Administration for Nongovernmental Organizations under the Ministry of Civil Affairs.)

I was told that most Party organizations set up within CSOs were somehow related to the legal field, probably because many lawyers are Party members. Lawyers are highly qualified, possess a great deal of professional competence, and have many contacts with each other and a great influence on society. It is reported that there are 156,000 lawyers in China, 45,000 of whom are Party members, accounting for 28.9% of the total. There are 14,000 law firms in China; 6,558 of them have Party branches set up, accounting for 45.1% of the total, 3,295 of which each have Party branches for themselves and 3,263 jointly set up Party branches. Lawyers Associations at provincial or deputy provincial levels all have established Party committees or branches (People's Daily 18 March 2009). It also proves that it is not accidental that three CSO-deputies to the Party's seventeenth congress were also lawyers. The above facts show that there is a lot of work to be done before the Party can realize its leadership over CSOs through Party organizations within CSOs.

5. A new approach

Experience has proved that, to improve the Party's leadership of CSOs, the Party must emancipate its mind and change its way of thinking. It must draw lessons from the former USSR, review the experiences of developed countries, and act in keeping with the laws

concerning the Party's governance and the development of CSOs. It should explore a model for the relations between the Party and CSOs and a model for social management which both conform to China's conditions and to the requirement of social development.

Democracy is well established in developed countries in Europe and North America, where all kinds of CSOs, including those opposing the existing social system, are legal. The relations between political parties and CSOs are complex: some are independent from each other, and some also exist in a relationship of the leader and the led. However, the relationship of the leader and the led is not legally defined, and can be dissolved at any time. CSOs are supposed to obey the law, and, as long as they do so, the government will do nothing against them unless they resort to violence or demagogy. Under these circumstances, the state, political parties and CSOs interact beneficially, and developed CSOs play a unique role in society.

Due to a lack of democratic tradition, the Communist Party of Soviet Union was the core of the state and the society in the former USSR, and it acted as a dominant leader of all social associations. All social associations were illegal unless they had the approval of the USSR Communist Party; without its direction, no social association could make decision on major issues. All social associations had to subject themselves not only to the law and the government, but also to the Party organizations set up within them. Their status and rights were determined by the Party, their officials were designated by the Party, and their funds were allocated by the state so they could not act independently and they had no decision-making rights. These social associations did only what the Party told them to do. History shows that, although this relationship had the potential to turn social associations into a means of social mobilization within a short period of time, it also neglected and stifled the views of various social interests, restrained the independent role of social associations and helped to worsen a bureaucratic working style and a mentality of privilege, eventually leading to drastic social conflicts and hostility.

We used to adopt the USSR model before the reform was launched and the economy began to open up in 1978. However, after 30 years of reform, and particularly with the development of market economy, we must find an innovative way to improve the Party's leadership of CSOs. Experience proves that, as in the USSR, the party had taken charge of a lot of things which it need not, cannot and should not manage. This was harmful to the development of CSOs, and even worse, restricted the CPC's ruling position. To improve its leadership, the CPC should try not to directly interfere with CSOs. Nevertheless, considering China's social system, special conditions and stage of development, the CPC should not give up its leadership of the state and the society, including CSOs. To indiscriminately copy the practice of developed countries in Europe and North America will only bring disaster to the country. We need instead to learn from the advanced, beneficial experience of developed countries, draw lessons from the former USSR and prevent the situation of CSOs spinning out of control, as occurred in several societies in Central Asia (former USSR) and the Balkan states during the early 2000s. We must establish our own model that is suited to China's realities, based on organically integrating the leadership of the Party, the position of the people as the masters of the country, and the rule of law. In this way, we will consolidate and expand the ruling foundation for the Party, safeguard citizens' rights, promote sound

development of CSOs, advance democracy, and sustain the country's long-term steady development.

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