

# Impact of Globalization and International Non-governmental Organizations on the Development of Non-governmental Organizations in China

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**Abstract:** The impressive in flux of international NGOs (INGOs), with their funds and programs, into China came as a result of its open and reform policy, economic development and social needs. It also represents the effort of promoting civil society in China by the international community. This article analyzes how the upsurge of NGOs worldwide impacts Chinese official NGO policy and the growth of China's third sector. It also discusses the interactive influence between INGOs and the indigenous NGOs, and the INGOs' limitation in China. It concludes that the INGOs have played a crucial role in the development of Chinese NGOs, especially grassroots NGOs. Nevertheless, the relationship between the two is unbalanced, reflecting the dependence of many grassroots NGOs' on international assistance. Such a situation will bring negative impact on the long-term growth of NGOs in China.

Modern Chinese societies came about in the period between the late Qing Dynasty and early Republic of China. They were founded as autonomous organizations by the newly-emerging intellectuals and businessmen of the time. A number of historical studies the past 20 odds years show that in the first half of the 20<sup>th</sup> century, various civil organizations in Chinese big and intermediate cities, coastal areas and areas along the Yangtze River where economy was relatively advanced, presented themselves very actively. These embryonic civil societies had their striking

appearance in all walks of life covering economy, politics, society and culture etc. Societies in their full sense, however, dwindled away from the 1950s, which showed their face again only after China adopted its reform and open policy. Since the 1980s, especially the 1990s, Chinese non-governmental organizations, including various civil societies and civil non-profit organizations have sprung up with their strong force, which displayed their irreplaceable roles and potentials in the social life. It is safe to say that the transformation of Chinese political climate brought about by the 20 years of reform with new situations and requirements coming hand in hand with Chinese social and economic development, playing a decisive role in the upsurge of non-governmental organizations (NGO thereafter) in China.

We, however, mustn't ignore the part played by various influences of international community in the growth of Chinese NGOs. Especially in the past 10 years, the influx of international non-governmental organizations (INGO) gives a great push to the development of their Chinese counterparts which actually have already become an indispensable part of these international civil societies and INGOs. Although it's a settled issue that INGOs have a great impact on their domestic equivalents in China, we know only a little about this in details. What effect will globalization, especially globalization of international civil societies, have on the policies of Chinese government and its Third Department? What mutual influence will come about between INGOs and Chinese NGOs in the process of INGOs' permeating into Chinese social and economic development? What challenge will Chinese NGOs be confronted with under the background of globalization and globalization of civil societies? How can Chinese NGOs catch the chance to make full use of international studies to accelerate their maturity? Let's check these questions in the following aspects:

1. Globalization and world-wide upsurge of NGOs

China's open policy has been drawing the world's eye. Government and NGOs of most countries in the world have been vying to have their influence on China,

which fall into two stratifications, namely, governmental and non-governmental with the former playing a more important role. No sooner did the Cultural Revolution end and China opened its door to the outside world than INGOs from abroad, such as Ford Foundation, Rockefeller Foundation etc with their initial programs, cooperated with the Chinese government. But the United Nations was the first to promote Chinese tie-building with foreign organizations. In 1984, [United Nations Development Programme](#)'s representative in China advised Chinese government to accept aid from INGOs in addition to that from international official organizations and Chinese government took this advice which directly led to the establishment of two organizations, namely, China International Center for Economic & Technical Exchange (MOFTEC) under Ministry of Foreign Trade and Economic Cooperation and later-established China Association for NGO Cooperation (CANGO). These two organizations were serving as intermediates which did a lot in helping China build bands with INGOs which came and aided China. Furthermore, China's multi-lateral cooperation with the outside world was mostly proposed by some cross-national or international organizations.

Globalization of international politics has its influence on China through three channels: 1, Chinese government's bilateral or multilateral cooperation with the UN, governments of other countries and INGOs through foreign government, international organizations and cross-national organizations; 2, donations and aids of all kinds by foreign companies to Chinese charities and NGOs; 3, INGOs' aid programs to Chinese government and other NGOs as well as their other programs in China. International community has given China a lot in terms of fund. Only in the late 1990s did rich foreign countries and international organizations provide other poor countries with as much as about \$450,000,000,000 yearly, with \$60,000,000,000 going to China, among which \$40,000,000,000 was contributed by development banks such as World Bank and Asian Development Bank, \$15,000,000,000 coming from bilateral aid, \$80,000,000 from other institutions of UN and 600,000,000 from INGOs. A research paper conducted in 2003 even showed that INGOs donated \$1,000,000,000

to China yearly.

Chinese NGOs and INGOs, in their process of adapting to each other for cooperation, came to realize the necessity of cooperation with strong cooperation motivation. In light of China's actual situation, it was of great importance for both parties to make some efforts and compromises so as to achieve the cooperation both parties expected.

The fast expansion of international civil societies and their increasing influences in international politics, China's attraction of various international aid and China's own requirements to join in the international community, all these urged Chinese government to open its door to INGOs. In the past 20 years, Chinese government allowed INGOs to have their fingers in a good variety of domestic matters ranging from economic cooperation, legal construction, development of social communities, battles against poverty and disasters, protection of environment, prevention and treatment of AIDS, culture and art, medical care, education of all levels, women's health programs and reproduction health, with their influences to the degree even much greater than could the INGOs themselves expect. For INGOs, China was a new territory for the development of global civil societies. It was also a great area to test and spread their idea, organizations and programs of civil societies. In order to have their chance to develop in China, most INGOs took the initiative to cooperate with Chinese government. As their understanding of Chinese actual realities became increasingly deepened, some of these organizations even took a strategy of self-censor, that is, before they presented their application to the Chinese government for the programs, they themselves cancelled the parts in the programs that might arouse political or other troubles in light of relevant Chinese policies. In a word, Chinese government's open policy in terms of NGOs resulting from the impact of globalization was an indispensable premise for their prosperity in China.

## 2. Current situation of INGOs in China

From 1990s to the early 21th century, INGOs had the following ways to enter

China:

- \* Establishing their headquarters or branches in Hong Kong or Macao to direct the operation of their programs in the Chinese mainland;

- \* Setting in Beijing their institutions of representatives which were attached to some Chinese governmental institutions or which made such Chinese governmental institutions as their host units. Chinese Academy of Sciences, for instance, was the receiving institution of Ford Foundation.

- \* Setting their representative offices in cities other than Beijing. Kunming became a host city of more INGOs than other cities in China for this reason or that in this way.

- \* Setting in China offices to direct their programs, which needn't registering in Chinese government.

- \* Having themselves registered at the industrial and commercial bureau in China as companies. Nature Conservation was an example established in this way.

- \* Cooperating with Chinese governmental organizations or authorized NGOs to establish their programs without the need of registration.

- \* Applying for a license at the Foreign Experts' Service State Bureau of Foreign Experts Affairs.

- \* Signing memorandum of understanding with Chinese government. In Yunnan province only, there were more than 10 INGOs which signed memorandum of understanding with Yunnan Society for Cooperation and Exchange with INGOs to make their activities in China legal.

Although China has opened its door to the outside world for at least 20 years, up to 2004, PROVISIONS FOR THE ADMINISTRATION OF FOREIGN CHAMBERS OF COMMERCE IN CHINA enacted in 1989 was the only law concerning INGOs' registration in China. These provisions can apply only to foreign chambers of commerce in China, but most INGOs are not chambers of commerce themselves. Although in 2004 Regulations on Foundation Administration was enacted which required foreign foundations to establish themselves in China with reference to

their Chinese equivalents, there are, up to now, no unified laws or regulations concerning registration and administration of various INGOs. Because of this, local governments take different, inconsistent attitude towards INGOs. Generally, China takes both an open policy to INGOs as is required by Chinese general guideline towards foreign affairs and a conservative stance strictly confined to Chinese political system and ideology. Under such conditions Chinese government is both interested in and suspicious of INGOs, and it wants to take INGOs under control but finds it difficult to do so. As a result, INGOs ran into quite a number of difficulties in their registration, such as their establishment of offices and their legal operation in China.

While encouraging aids from various foreign organizations, Chinese government was obviously doubtful about INGOs, especially about those from the western world. Of these various ever-flowing INGOs from all corners of the world established with different purposes, Chinese government were so unfamiliar with them. Neither did it have a well experienced department to administer them. To make the matter worse, the civil administrations of all levels were only in charge of domestic organizations before, and thus inevitably took too gingerly an attitude in their taking over the increasing foreign organizations. Furthermore, institutions of each level in charge of foreign organizations often used their own methods respectively in handling the matters concerning INGOs. Although many local governments and national institutions were enthusiastic about INGOs for their investment into China, there were still quite a few institutions which dodged such responsibilities as regard to administration of INGOs. This situation made INGOs find themselves nowhere in China. Some of them even found themselves kicked away to others like a football. For instance, an American research report described such a situation: an American NGO wanted to have itself registered in a province in China so as to operate in that province legally and it presented its constitution, application and their financial forms provided by the American financial department to the society for exchange of INGOs of that province, only to find the society taking in charge of matters concerning no more than INGOs' legal stay in the province. As to matters

related to employment of staff from the province, the NGO had to go to other departments in charge of foreign affairs under the Foreign Trade Ministry and foreign trade companies to ask their permission. Besides, this organization should go to the sanitation department and education department of the province for their permission because its program was to train sanitation clerks in the province. For lack of a set of unified regulation, INGOs in China resorted to various means for their existence. This made it more difficult for the government to administer them. The result was that civil administrations, national or local, knew little about the exact number of INGOs in China and their future and operation.

As contrary to these complicated procedures in getting registered, Chinese government had hardly any effective supervision mechanism to monitor and administer their activities in the country as soon as they procured the government's permission. For example, in the middle 1990s, INGOs' short-term petty loan programs gained their popularity in China and an influx of foreign capital spread in China in various forms. Chinese government or its research institutions, however, knew very little of how much foreign capital had come into the country, what foreign programs the INGOs had introduced into China and what place of China, which foreign or domestic institutions had taken part in those short-term petty loans, and what the interests at present and in the long run were. Because introducing INGOs' programs into China means influx of capitals, many governmental institutions and organizations vied to have themselves chosen by INGOs as their host units. But there was no effective inspection or supervision on their activities. So it's safe to say that China's knowledge of INGOs was much like the blind men's knowledge of the elephant.

Then what were today's INGOs like in their development in China?

Firstly, from 1978 on, more and more INGOs came into China and 1996 was the year when INGOs began to witness their own prosperity in China. By 2001, of all the 137 INGOs having already had their access to register in China, 40% came after

1996. This statistic testified to the fact that the Fourth World Conference on Women held in Beijing and its NGO forum had a great impact on the development of INGOs in China.

Secondly, of all the INGOs coming into China, the ones from USA developed the fastest, which was the most eye-catching phenomenon. These American organizations were the first INGOs to enter China with their number and capital surpassing those from all the other countries. 80% of INGOs entering China from 1978 to 1980 were from the USA. Now American INGOs, which take 38% of all INGOs in China, still lead the way. As far as capital is concerned, Ford Foundation from the USA is second to none in all INGOs in China with its yearly budget being \$9,000,000 in the early 21st century. Next to Ford Foundation are Hong Kong Red Cross (\$8,800,000) and Asian Funds (\$4,300,000). Statistic shows that half of the 64 foreign organizations with capital to operate their business all year long, have their yearly budget surpassing \$500,000 and the American INGOs take 30% of them. As for those with their annual budget beyond \$1,000,000, American INGOs take 41%. By 2002 the entire sum of capital of INGOs from America reached \$23,178,000 which went far beyond those of INGOs from any other country.

Thirdly, INGOs from Hong Kong played a special role in the development of domestic NGOs in China. By 2002 at least 26 INGOs from Hong Kong had their business started in the mainland of China and they were the only ones which entered into Chinese mainland in the 1980s except those from America. These organizations provided their projects in the mainland with a lot of capital which reached \$15,694,460, next only to America. Hong Kong's geographical location and its active civil societies made it an ideal host city for INGOs. Especially at times when INGOs found it difficult to have themselves registered in Chinese mainland, these organizations often opened their offices in Hong Kong dealing with businesses in Chinese mainland. Compared with those from abroad, Hong Kong's INGOs had no or almost no linguistic or cultural barriers when they had activities in mainland China. Now that they had a better understanding of economic and political situations in

mainland China, they could adopt a more efficient way in their activities and in their communication than their counterparts from the western world.

Finally, considering INGOs' limitations of resources and abilities in addition to the difficulty they encountered in China, we can't help announcing that they made a great progress in their development. By 2002, 56% of INGOs had their offices or branches opened in China and there were 60 INGOs employing clerks all year long and some INGOs even had 187 clerks. What caught our eye most was that their programs did not focus on traditional areas such as charity and education, but directly on problems emerged after China's adoption of the open and reform policy, such as environment protection, battles against poverty, women's right, and aids for the marginalized social groups etc.

### 3. The role of INGOs in China

Let's take a look at the new programs and new ideas INGOs brought in China. In current social transformation of China, Chinese government and society were encountered with a good number of social problems, but the upsurge of these spontaneous NGOs and grass root organizations were a responses to such a call. The newly emerged NGOs with their limited capital and manpower, however, needed guidance, experiences and new ideas to handle such serious matters as environment protection, battle against poverty and aid for social vulnerable groups etc, some of which were brand new. Thus INGOs entered China very timely. Because many problems China ran into in its social and economic development were not unique, it was lucky for Chinese NGOs to grow on the basis of the development of civil societies. It was in this regard that INGOs played a special role that could not be accomplished by government or other domestic organizations. One major contribution of INGOs was to introduce into China the experiences accumulated in other countries and programs and work styles summed up in other countries. We could say that INGOs played an important role in helping China's integration into the outside world.

Among all new ideas and new programs INGOs brought into China, the most

influential ones were Third Department, civil societies, grass root organizations, participate operation, building of abilities, [environment sustainable development](#), mercy administration, short-term petty loan, aiding of the social vulnerable groups and ecotourism etc. All these led to the same end—to join in and promote, on all levels, the establishment of a fair, democratic society. These ideas and methods did not only provide fresh air to Chinese NGOs, but also enlarged their vision and gave them operative models. A glance of the development of Chinese NGOs in the past 10 odds years, especially of the development of grass root organizations is enough for us to get a rough idea about the width and depth of their influence. For example, participative operation became so popular when brought into China by INGOs that even Chinese government officially took it as a guiding approach for relief of the poor. Such thoughts as sustainable development and ability construction have already gone beyond the NGO area and became household words in today's development of China.

INGOs had another important function—to promote cooperation between different departments (government, enterprises and Third Department), between NGOs, and between Chinese NGOs and INGOs. At the beginning it had its role to play in encouraging and strengthening cooperation between Chinese NGOs and INGOs, and then in promoting cooperation among Chinese NGOs, finally in NGOs' cooperation with government and enterprises. Some well-established INGOs enjoyed a great prestige with their large capital and rich experiences. As a result, they had a great advantage in promoting Chinese NGOs' cooperation with Chinese government and enterprises. At the initial stage of Chinese NGOs, cooperation between them was almost nil and they had little influence on Chinese government or enterprises. Knowing their own limits, Chinese NGOs are more and more bound to seek cooperation between these organizations or that with other departments. And many INGOs had a great role in these co-operations.

#### 4. Limitations of INGO in China

As is mentioned above, Chinese government is taking a more and more open attitude to INGOs in China and it warmly welcomes international resources to enter China to help China in its economic development and social advancement. For lack of unified regulations to administer activities of INGOs, however, they always run into difficulties in their legal operation. Meanwhile, INGOs should ask for Chinese government's approval as to what programs they could join in; what programs they could start; and which areas they could have their activities in etc. As a result, although some of them were interested in issues on human rights, freedom of religion, democracy and Tibet, they had only a very confined role in such matters. Such interests always roused Chinese government's anxiety and vigilance, which would lead to its strong control, monitoring and restriction of these INGOs.

At the same time the degree of Chinese NGOs' development would influence or decide INGOs' work in China. On the one hand domestic NGOs were in their initial stage, which could grant more roles for their counterparts from abroad to play. For example, they were not able to start a cross-organization, cross-area, cross-field or cross-national united action. Therefore INGOs always took their place to accomplish the work. Domestic NGOs' knowledge of trend of international civil societies, international resources and principles and ways of operation of non-profit organizations, their administration ability and their resources etc, all these fell far behind China's requirements of domestic NGOs' development, which resulted in their dependence on INGOs. This was the necessary stage many NGOs in developing countries must experience in their growth.

On the other hand, many domestic NGOs performed their profit-making activities in the name of non-profit. They were not self-discipline or transparent in their operation. There were even organizations which did not give a definite definition about whether it was non-profit or profit-making. The very end for their existence was to gain INGOs' aid in capital and these organizations were thus called "specialized

households for programs and capital”. Behavior of these organizations made INGOs distrust domestic NGOs in China. Because many domestic NGOs competed for capital aid from INGOs, they seldom shared with other organizations the information about these INGOs, which not only had INGOs’ knowledge of domestic organizations confined, but also prevented these INGOs from aiding more Chinese NGOs which were in more urgent need of funds. They consequently did great harm to domestic organizations in China as a whole for the reduction of chances for them to get more aids from INGOs abroad.

In term of their relation with international funds, Chinese NGOs rarely had financial support from within China and thus financial aids from abroad almost became their only or main financial sources. This had at least 2 disadvantages: 1) financial supports from international funds somewhat hid the urgent shortage of money of Chinese NGOs in their development. Now there formed among organizations in China, including Chinese government and NGO activists, a wrong thought that autonomous NGOs should only resort to INGOs instead Chinese government for money. Actually governmental allocation of money was one major source for the income of Third Department in developed countries and it was also a common phenomenon that government allotted money for Third Department in developing countries. Furthermore, most INGOs provided financial support to Chinese NGOs only for the start of these organizations and they wanted these organizations to manage all along by themselves by exploiting their domestic resources so as to obtain a sustainable development. As China came to see its prosperity, some INGOs were considering shifting their support in China to the countries or areas they thought were in greater need than China and many Chinese NGOs entirely dependent on support from INGOs abroad already felt that their pressure became bigger and bigger.

2) Some research of NGOs indicated that if a NGO was always dependent on one single financial source it’s independence would become a serious problem. For Chinese NGOs, to procure financial support for existence became their main task and

if such support was gained, the interest of its benefactor would more or less influence its dependence in making decisions. This was why popular programs in other parts of the world also became Chinese NGOs' favorite. On the theoretical level INGOs abroad should come to help domestic NGOs in their activities. But the fact was that domestic NGOs, for lack of diversified financial sources, had to dance to INGOs' tune. The phenomenon that INGOs from abroad dominated domestic NGOs' activities was much like putting the cart before the horse.

At the same time, we should see that although each INGO had its unique cultural background in the definition of its task; their work in China would be modified by the general situation of international civil societies. As a result, the work an INGO planned to carry out in some area in China was not necessarily the most urgent need of the area. Most INGOs in China needed to apply for their own running funds because they were mostly non-profit, operative organizations. So to a great extent, they competed with Chinese domestic NGOs for the same international resources and in this competition Chinese domestic NGOs obviously had advantages and disadvantages. As far as disadvantage was concerned, Chinese domestic NGOs were established for far shorter time than their counterparts from abroad. Consequently at their initial stage they had much less experience in their business and less contact with the international community than their counterpart from abroad. At this stage, it was necessary to introduce INGOs into China as examples or models. And INGOs also had their own shortcomings compared with Chinese NGOs. They should pay much more to their employers, had much higher mobility and more cultural and linguistic barriers than their Chinese counterparts. Consequently they usually spent more money only to find themselves achieving less effect. So some native people and domestic organizations regarded them only as migrant birds that were bound to leave.

Chinese NGOs needed time and practice to grow. They needed support and cultivation from all directions. International civil societies and INGOs made active and meaningful contributions in this respect. But today development of Chinese

NGOs was confronted with great challenges. One of them was how to define their duty and how to exist under their international background, i.e. how globalization and civil societies developed under the world-wide background. Only with a good understanding of their own characteristics and weaknesses of their international equivalents could they balance the relation between them and their counterparts from abroad and get a better mastery of chances brought by globalization to promote their own development. In the long run, the healthy and fast development of Chinese NGOs must rely on support from within China, which could not be achieved by their own efforts. Chinese government and society were also obligatory on the future of these NGOs. Only after a balanced relation between domestic NGOs and these from abroad was established and only when Chinese government and society had a clear knowledge of the importance of domestic NGOs and INGOs could make a greater contribution in helping Chinese NGOs to develop.

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