

2014 Observation Report on China's Third Sector –

The Field of Philanthropy: The Duo-Variation of Administration and De-Administration

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Introduction

In recent years, the voice advocating for de-administration has been getting louder in China's philanthropy field. Administration has become an object of criticism by opposition leaders in the philanthropy sector. The administration and de-administration have also become central issues in many conferences and symposiums. Such appeal is not groundless. On the contrary, it is profoundly rooted in reality.

The participatory subject in the philanthropy field should be private forces. Yet in China, the shadow of government exists everywhere. Philanthropic behaviors should be based on the principle of voluntarism, yet in China, mandatory philanthropy are increasingly prevalent. The law and regulations of philanthropy should be enforced equally, but in China discriminatory enforcement can be seen everywhere. The philanthropy field should be a template for equality, but in China, government-run charity organizations enjoy preferential treatment beyond the law, and private charity organizations are not entitled to legal rights and interests. Charity organizations should accept social accountability, but in China, many charity organizations are only accountable to the government but not to the society. Private resources are supposed to support non-profit organizations, but in China, more than a thousand fundraising foundations, thousands of charities and more than two thousand of semi-official Red Cross organizations that are founded by the government monopolized over 90% of donated resources in the country. These organizations are mostly controlled by the government, while private charity organizations are short of resources. This kind of monopoly led to the birth of

the concept of "administration in China's philanthropy field"

Paradoxically, the opposite is also developing in the process!

Fengtao Gao, deputy director of the Legislative Affairs Office of the State Council pointed out at the Seminar on Sino-British Philanthropy Legislation, which was held on July 29, 2010, that the enactment of philanthropy law further clarifies the tax benefits that charity organizations should enjoy and the rights protection mechanism by which charity properties can be managed and used. Additionally, it solves such issues as administrative intervention in charitable legal relations, doing harm to the rights of charitable organizations and donors that exist in some localities and departments.

On February 6, 2012, "Study Times" published an article on "Promoting the Healthy Development of Modern Philanthropy: Ligu Li, Minister of the Ministry of Civil Affairs Answering to Questions Asked by Our Newspaper Reporter". The article said that the essential attribute of charity organization is its civil attribute. It should be established by organizations and individuals in the civil society and operated in accordance with laws as well as regulations. On March 26, 2012, an article from people.com.cn mentioned that Ligu Li pointed out when interviewed that "the tax deductible policy for charity organizations over the past few years has been constantly developing. Previously, tax exemption for corporations' donations to charity organizations was a benefit system and it was only offered to about twenty foundations at the central level. Since the general benefit system was in place, there have been over 200 national foundations that have enjoyed the benefit of tax deductions and exemp-

tions, except those unqualified foundations (such as those that failed to pass annual evaluations or were ranked too low in evaluations). This shows that the universal benefit system supports and facilitates the development of charity foundations. On March 13, 2013, Ligu Li, Minister of the Ministry of Civil Affairs said that after the reform of social organization and the management system, the scope, pace and intensity of the transfer of governmental functions to social organizations will increase and get faster, transferring some administrative and charity functions to social organizations, which will help improve government's administrative efficiency. On March 17, 2013, Premier Keqiang Li touched upon changing governmental functions and said that, changing governmental functions is to clarify and streamline the relationships among government and the market as well as the society. In plain language, it means to let the market do what it can do and to let the community do what it can do as well. The government should manage well what it should take care of. On July 18, 2013, the Ministry of Civil Affairs and the Yunnan provincial government jointly held a forum called "Promoting Social Innovation and Building Social Organizations." Yunnan Provincial Government said that its governmental reflected as "executive-led legislation". The government, especially specific governmental agencies, in charge of leading relevant regulations is the basic characteristics of China's current legislation. Adjusting philanthropic behaviors' law, regulations and documents, from putting forward proposals to developing texts to obtaining approval, is all controlled by the government, particularly by specific governmental agencies. Although the decision making also listens to opinions made by relevant practitioners and researchers, these

opinions from the society only serve as reference to governmental decisions, and it is government that has the final say.

"Power above the law" is also reflected in the huge discretion exercised by the unrestrained government in the enforcement process. And in order to safeguard their own political interests, to expand economic interests, as well as to win over "insiders", the government also uses this "free discretion" to exercise "discriminatory enforcement." From the perspective of text, laws and regulations enacted by government are equal, that is, they apply to all charity organizations. There is no distinction between "government-run" and "non-government-run," between "insider" and "outsider", but in the actual implementation, they are not equal but treated differently. The legal rights of "insider" or "government-run" organizations can be realized while those rights of "outsider" or "non-government-run" organizations are purposefully deprived.

So to speak, the essence of the administration in China's philanthropy is "administrative control" with "governmental offside" and "discriminatory enforcement" as its main reflections.

1) Government Offside

In fact, the Chinese government has already clearly put forward the ideal and goal of "government by law," and requires that governmental agencies can only take actions within their legal authorities, rather than at will. On July 1, 2004, the enacted "People's Republic of China's Administrative Permission Act" started to regulate governmental actions to protect the legal rights of citizens, legal persons and other organizations, to safeguard public inter-

ests and social order, to guarantee and monitor the effective implementation of administration by the executive branch. However, in philanthropy field, "government offside" is still not uncommon.

In philanthropy area, "government offside" refers to governmental actions "without legal basis," which mainly reflects in the facts that government is directly involved in social fundraising, that government intervenes in the usage of charity funds, and that government intervenes in internal management of social organizations.

(1) Intervention in Social Fund-raising and Usage of Donations

Although the "Philanthropy Donation Law" stipulates that the state encourages persons, corporations, and organizations to donate to charity enterprises, that donation should be voluntary and unpaid, and any obligatory or disguised compulsive donation should be prohibited, and that the bequeathed property and its added value of any charity social groups belong to public property which is subjective to the protection of law so any organization or individual cannot usurp, appropriate or damage it. But this same law also stipulates that governments and their agencies above the county level can accept donations in the event of a natural disaster, and governmental agencies can initiate charitable activities, and even requires charity organizations to hand over donations to them. The legal variation of governmental actions on the surface and administrative requirements for donations from many corporations and enterprises have brought about forced administrative assignments, and therefore, the people who are forced to donate start to be against donations and their enthusiasms are thwarted. Meanwhile, because the government is

rarely accountable for the public and the information is asymmetric and opaque, people who are forced to donate do not make inquiry about the whereabouts and usage of their donations.

Some of the governmental forceful interventions in donations are run by government-run organizations, so they look "legitimate." A report by The Southern Metropolis on May 18, 2013 mentioned, the county office of Funing County in Zangsu Province issued an emergent notice to require that workers and leaders at all levels of governmental agencies, social groups, and corporations and enterprises to donate for the local Red Cross. This requirement was questioned by people online. In recent years, in Yancheng, Jiangsu province, these kinds of "forceful donations" have been quite popular. The earliest one can be traced back to 2004. Under normal circumstances, counties and cities involved would require leaders at all levels to make donations in the form of official letter. Although the content may differ, the specific amount is clarified, and this is not restricted to Funing County. In 2013, a free health care model available in Shenmu County tried to further develop in the form of charity organization led by government. But previously, Shenmu County government fundraised about RMB 4.3 billion from local corporations (with the original goal of RMB 10 billion) through official letters, arranging specific leaders responsible for this, requesting local police stations to execute fundraising, and making carpet-type donations (with a hint about the consequences of refusing to donate), etc, to establish the Minsheng Charity Foundation, then the largest non-public fund in China. In fact, Fugu County and other neighbors of Funing County have

already started to imitate its practices to establish "super-foundations" in the similar form of governmental control. For example, Fugu County government in Shaanxi set a "Banquet" for its coal bosses by taking advantage of the New Year to have solicited donations of RMB 1.3 billion from them. For those local governments that are economically wealthy and rich in private resources, the way that Shenmu County quickly raised its additional funds through the establishment of Minsheng Charity Foundation is not only a model but also a temptation.

Naifu Cui, the former Minister of the Ministry of Civil Affairs and Founding President of China Charity Federation, used to be very opposed against and distressed at the "charity storm" in which local governments forced corporations by administrative means to make donations. He said "that was the destruction of charity enterprises!" The funds raised in this way were only accountable for the higher level leaders, not for the lower level people. The majority of the fund was to be directed toward the needy areas according to the requirements made by the government, but the left part of the fund was not spent in a timely manner in the form of a relief program. Instead, the left part of the fund was almost deposited in the donation account opened by government-run charity organizations, making those donations into "dull fund." This neither facilitated the efficient operation of charitable funds, and nor does it create social value. For example, the Red Cross is a first grade central governmental agency, and its president is a vice-ministerial level. It almost has become a personnel platform for officials at all levels to retire to backstage, a governmental "self-sufficient" fundraising platform for purchasing services, a waste platform for escaping financial audit, and a

wealth accumulating platform for charging dues in type of "entrapment fishing" and forcing subscription of journals and books. Although it is restricted, building high-end and luxury welfare institutions by the government around the nation still continues.

The government sometimes even directly forced others to donate not through government-run organizations. In 2008 among the RMB 76 billion private donations during the Wenchuan earthquake, over 80% was either directly given to governmental agencies or given to governmental agencies through few charity organizations. In April 2010, the Ministry of Civil Affairs published "The Notice Regarding Yushu's April 14 Earthquake Relief and Donation Work", and proposed that "Ministry of Civil Affairs in coordination with two Federations and other foundations use the raised funds for disaster relief and reconstruction", implicating the goal of unified management of all raised funds. In July, Ministry of Civil Affairs, the National Commission of Development and Reform, Ministry of Supervision and other five departments jointly issued the "Implementation Approaches for Management and Usage of Yushu Qinghai Earthquake Relief Donation Fund", proposing that the charity funds raised by 13 national public-raising foundations are required to be sent to the specific accounts of Qinghai Provincial Government, Qinghai Red Cross, and Qinghai Charity Federation, allowing Qinghai Provincial Government to coordinate the usage of the funds. This means that institutionally public-raising foundations have no authority to allocate the funds they raised. Instead, local governments have total right of usage of about the raised funds. In fact, since the flood relief in 1998, the private donations in every national disaster relief activities

have been required to "be centralized", or turned over to the Ministry of Civil Affairs, or to China's Red Cross Federation and China's Charity Federation. A Secretary-General of a national foundation said when being interviewed that "what rights do we have during the reconstruction after disaster? How do we explain to donors about where the money is going?" "These are the bottom-line questions of doing charity work!" From the Wenchuan earthquake to November 2008, national donations were about RMB 65.25 billion, of which directly donating to government was about RMB 37.9 billion, representing about 58% of the raised fund. The China Charity Federation and The China Red Cross Foundation received 35% of the fund, and other non-public funds received about 6%. The percentage of funds donated to the government was higher than that percentage donated to charity organizations.

After Yushu donations that the money were required to be sent to the specific accounts of Qinghai Provincial Government, there were many disputes. Pressured by the clear opposition attitude held in the industry, in April 2013, the Ministry of Civil Affairs released two documents online with regard to Lushan disaster relief: "The Ministry of Civil Affairs Notice Regarding Efficiently and Orderly Carrying Out Lushan, Sichuan Disaster Relief Work" and "The Ministry of Civil Affairs Announcement On Lushan, Sichuan 7.0 Grade Earthquake Relief Donation." Different from the previous major disaster reliefs, this disaster relief did not specify institutions that can receive donations, and nor is there a requirement of public charitable organizations to give their received donations to the government. Earlier after the Wenchuan earthquake and Yushu earthquake, the Ministry of Civil

Affairs issued a series of documents regarding the acceptance and management of donated money and goods. One of the important contents of these documents is to designate organizations that can receive donations. But these two documents did not restrain the rights of accepting donations or raising funds enjoyed by all charity organizations. Instead, they require that the civil affairs departments at all levels fulfill their responsibilities of regulation about and guidance in accordance with law when carrying out disaster relief donation activities. For those charity organizations and those donation-receiving organizations that had already conducted fund raising activities, the civil affairs departments at all levels should guide them in terms of information transparency, usage of funds, feedback and summary statistics work.

On July 18, 2013, Ministry of Civil Affairs in Yunnan province and Yunnan Provincial Government jointly organized a forum called "Promoting Social Construction and Innovating Social Organizations." At the forum, Yunnan Province announced the following four official files: "Opinion on Developing Social Organizations at all forces and Cultivating Systematic Construction of Modern Social Organizations," "Yunnan Philanthropy Promotion Regulations," "Temporary Measures for Government Purchase of Services from Social Organizations" and "2013 List of Services Purchased by the Provincial Government from Social Service Organizations (First List), and openly asked for comments from the society. Particularly, Yunnan publicly declared that "its government would withdraw from the charity fundraising market unless there is a major disaster, but no longer is involved in community fund-raising."

Donations should be on a voluntary basis. To engage in forceful donations through administrative instructions would do harm to the legitimate rights and interests of the citizens which is neither legal nor moral. Some critics said that the "Donate a Dollar a Day" hijacked by power in a place had nothing to do with charity but only involved in forceful assignments by power, which only dampened people's enthusiasm for charity. Critics have also said that "Charity fund is often a mismanaged fund here, and people have no idea of where the money is spent," and that "administratively forced donation is a blatant kidnapping which violates private rights by administrative power, exposing that power is with no boundary, and "in many places, governmental intervention put its hands into people's pockets. The government can do this at will when its power has no boundary. Any field in the society could become a place where power pursues its interests." In the past few years, a lot of Chinese people's money was forced to be put into the government's pocket in the name of all kinds of "donations" by exercising administrative power and orders, even not accountable for the public, which greatly undermined charity logic and private donation purposes.

(2) Intervention in Internal Governance of Charity Organizations

In practice, because some governmental agencies are not so clear regarding the distinction between the functions of government and those of charity organizations, the dual management system gives almost all of important power to business supervision units of government in charge, and the government stipulates that only the agencies authorized by government and the Communist Party can serve as business units in charge. Those administra-

tive offices in charge grasp almost all of the important power of charity organizations council endowed by law. Under this governance structure, major directors of charity organizations are named by administrative offices in charge that have the final say about the organizations' important policy decision-making. The government used to regard charity organizations that it administers as its shadow governments, arrange their administrative tasks, and intervenes in their internal affairs. For example, although "Foundation Management Regulations" does not clearly stipulate, it has become an un-official rule that the council members of the organizational structure of the foundations must include governmental officials or assigned officers from business units in charge. The authority of appointment and dismissal of some council chairs and secretaries is controlled by government. The appointment and dismissal of personnel is assessed mainly based on people's political consciousness. Because of China's special circumstances and the dual management system design, a large number of governmental organizations affiliated from governmental agencies or founded by government, their main leadership positions are held by governmental administrators, those governmental officials who no longer work for government due to reform, or by those who are assigned, selected or appointed by government. For example, in 2001, the chairman of the China Youth Development Foundation was Bayinchaolu, the Executive Secretary of the Central Committee of the Communist Youth League of China; and the incumbent chairman was Junke He, Secretary of the Central Committee of the Communist Youth League of China. In 2007, Yue Yang, Deputy Director of the State Administration of Private Organizations was on the

Board of Directors of the Narada Foundation. In 2011, Hong Ma, Director of Shenzhen Municipal Administration of Private Organizations, was not a member of Council Committee of One Foundation, but he was their Director of Supervisory. The government either controls the decision-making of charity organizations, or assigned people to participate in council committees or advisory committees to monitor charity organizations.

To some degree, this is an act of governmental intervention beyond its authority. The government monitors charity organizations through legal and normal procedures and venues according to law, with no need for governmental officials to be involved in the organizations' specific tasks. This is indeed able to ensure the safety of charity organization politically in the right direction, but will hinder them from making more effective and right decisions and from making accurate decision-making purely based on their own missions as well as social demand. As a consequence, the independency and privacy of charity organizations were negatively influenced. Of course, there are some business units in charge that "loosely" manage the charity organizations that they are responsible for, yet this is only based on the premise that these charity organizations do not go out of their own way. If these organizations conduct some things sensitive and disgusting in the eyes of government, such as entering in the field of maintaining political rights, the government can at any times utilize its administrative authority as administrative office in charge to request for its civil affairs department to do the cleaning up. Relatively, the internal governance and major decision-making of the unregistered private charity organizations in China in this regard were less con-

trolled by the government.

2) Discriminatory Enforcement

Discriminatory enforcement covers all aspects of charity organizations, from registration, finance, and to organizational operations. The representation of discriminatory enforcement can be roughly divided into three parts. The first is reflected in the process of registration, which is mainly to restrain private charity organizations to obtain legal corporate identity. The second part is reflected in the process of internal construction, which is to restrain the operational rights of private organizations, and offer all kinds of preferential treatment to government-run organizations in various aspects of personnel and benefits. The third is reflected in the operational aspects of organizations, in such aspects as access, tax incentives, financial support, and access to external resources offering preferential treatment to government-run organizations while restraining private charity organizations.

(1) Registration

Under China's current legal framework, the registration of social organizations must be given by governmental authorities, namely "affiliated units." According to statistics, there are 450,000 social organizations registered by civil affairs departments in China, 250,000 registered community organizations, yet there are actually three millions or so, that is, unregistered "unreported" social organizations are more prevalent than registered organizations. The dual management system makes it difficult for private organizations to register. Some well-known private organizations, such as Friends of Nature established by Congjie Liang, HongFeng Women Hotline by Xijuan Wang, the Rural Women by LihuaXie, and Beijing Stars and Rain

Autistic Children Education Institute by HuipingTian, were active for over ten years, or even over twenty years. Even when the hairs of the founders turned grey and later passed away, their charity organizations were not allowed to legally register. In China, hundreds and thousands of private individuals and grassroots organizations in the absence of legal registration "do good things illegally." For example, Yingqiang Li from Liren Rural Library has been busy with registration issues since 2010, it was still illegal in 2011 due to unclear policy. He said that "this is more difficult than registering a company because the policy and process of registering a firm is relatively transparent and your application would be replied within the stipulated business days. In contrast, the registration of social organizations is more troublesome."

According to the "Institutional Reform of the State Council and the Functional Transformation program" announced on March 15, 2013, industry associations including chamber of commerce, science and technology, philanthropy, and community service, the so-called four types of social organizations can directly complete registration. Previously, many areas have already explored direct registration. About 19 provinces have conducted or piloted policy on direct registration of social organizations, and aborted the procedure of approval by administrative offices in charge. On July 3, 2012, Guangdong Provincial Department of Civil Affairs issued "On Implementation of Further Cultivating and Developing Industry Associations and Chambers of Commerce," breaking the restriction of "one association in one industry". Instead, inter-regional formation, and merger and spin-off formations of industry association and chamber of commerce are allowed so

that industry associations can take more activities. Back in November 2011, Guangdong Provincial Department of Civil Affairs put forward that starting from July 1, 2012, except for special occasions and special areas, social organizations' administrative offices in charge would be changed into administrative offices in advisory. Social organizations directly apply to civil affairs offices for registration. This is the first local reform in the field of social organizations to get rid of "dual management." Of course, what "special occasions and special areas" refers to is not that clear (the to-be-implemented "New Deal" in Yunnan Province specifically refers to social organizations related to politics and law and religions). During the period of April to September 2013, Beijing, Tianjin, Anhui, Guizhou, Hunan, Nanjing, Qingdao and other places also responded to the "Plan", and allow the so-called four types of social organizations to directly complete registration. Through the direct registration system, the government lowered the threshold to obtain legal status for those social organizations that undertake charity functions transferred from government. However, the lowered threshold is for "no trouble" and "obedient" non-profit organizations. Greenpeace has settled in China for many years, and has been campaigning for the registration issue but it has not succeeded in obtaining a "license" yet. In fact, the implementation of specific standards differs in locations, and even if they are the four major types of organizations may not be able to get registered. For example, there is a report that although social organizations that are applying for registration in Guangdong no longer fail to pass the threshold of "linked offices," civil affairs departments would find other excuses to fail them, such as "bad name", and the like, and even some staff members' inability

to speak Cantonese can be a reason for being denied for registration. For several liberalized types of organizations, a direct registration system is not actualized in procedure while for other types of social organizations; they are not liberalized yet with regard to the direct registration system. Xiangwen Fang, Executive Director of Private Organizations Authority of Guangdong Province, told Nanfang Daily reporter that it is actually not that clear how many social organizations we have. According to relevant survey completed a few years ago in Guangzhou, there were more than 6,000 all types of unregistered organizations in Guangzhou, and only over 4,000 registered, showing that quite a few private organizations were kept outside, and for them it was difficult to do business legally. To some extent, this is a re-administration or new-administration.

As far as foundation is concerned, in 2004 the State Council introduced "Foundation Management Regulations," under which both private and corporate foundations can be founded. This was a major breakthrough in the system because this allows charity organizations founded by social forces to obtain legal status of "private foundation." As of September 13, 2013, there were over 2,000 private foundations. In the field of charity, two types of foundations are formed: public fundraising foundation and private foundation. However, it is extremely difficult if you want to set up a public fundraising foundation without governmental support.

In other countries, the government has no right to discriminate social organizations, and whether government grants legal status to social organizations does not depend on its liking, but on the motives and the nature of operations of these organizations, that is,

depending on whether they are formal, private, non-governmental, non-profit, public service, or voluntary. The government recognizes a charity organization as an independent social organization that enjoys an independent personality, independently undertakes responsibility and management of organizations, whose essence is the legal recognition of the autonomous rights of charity organizations. Meanwhile, other country's governments emphasize wide entry by lowering the registration threshold, simplifying registration procedures, and emphasize monitoring "during the process" and then rewarding afterwards.

The Chinese government has restrictions on civil organizations' obtaining legal status, and control on the establishment of voluntary organizations by controlling these organizations' running business on behalf of people's will which limits the vitality of charity while reducing the competition within the philanthropy field, particularly among charity organizations. People have to choose among a limited number of charity organizations, rather than selecting under sufficient free competition. Without a certain degree of competition, the utility efficiency of social resources will not be high. There is a widespread thought in the circle of philanthropy that the present inadequate innovation and low efficiency in public philanthropy have something to do with this less competition. "Only few charity organizations", and no others compete with them so they do not need to strive for survival by bettering and perfecting themselves. This makes the status and future of philanthropy in China less promising to the public, and the public regards this field as low efficiency, less transparency in information and even financial scandal, which damaged the public's confidence in China's public service. If the

entire philanthropy field is mainly governmental-run, and the government initiates and controls the community's voice while the public voice is mute, then it would be difficult to achieve civil autonomy. The center of administrative control should not lie in control of access, and neither should it be in control of threshold; rather, it should be in returning philanthropy to community in an equal way. Of course, once they become charity organizations, they likewise have the obligations to accept process and outcome monitoring from the government and other stakeholders.

(2) Personnel

The government gives special rights to government-run organizations, such as establishment and convenient work conditions, and so forth. Most of these organizations are affiliated with the Party and governmental departments. Even some leaders and staff of these organizations are governmental officials, and have governmental establishment and income. For example, China Charity Federation is China's largest charity organization, and its affiliated charity institutions at all levels all enjoy governmental-run establishment, the establishment and salaries of their full-time professionals are evaluated and approved by China's State Commission Office for Civil Organizations. On the local level, grassroots charity organizations are totally dependent on local administrative bodies. Some organizations are the same ones as local governmental departments with one same set of staff. In this case, it does not matter whether the performance is good or not. The promotion does not depend on performance, but on supervisors' opinions. Since promoting and rewarding such type of staff does not depend on their professional capabilities, it is difficult to mobilize mid-level managers,

which influences organizational efficiency and innovation. The establishment level of Chinese Red Cross is similar to the one of vice-ministerial level in government, and meanwhile it is classified as first-grade budget unit by the Central Government, so across the country Red Cross at all levels are all included in governmental or governmental-run establishment to receive full or partial financial allocations. Their leaders are mostly appointed by the same level of government, and the treatment of their staff is referred to that enjoyed by civil servants, and they both enjoy the same benefits.

In reference to supervision and regulation, "Red Cross Law" stipulates that there are only internal regulation (report to the Council) and governmental regulation (acceptance of people's governmental inspection and supervision), but does not require to be open to the public, without the requirement of "open transparency" which is widely thought to be an "iron rule" of charity enterprises. For example, Taidi Chen is the current chairman of Shanghai Charity Foundation, and his previous position was Director of Shanghai Municipal People's Congress. The Foundation has 20 vice chairpersons, and quite a few of them are incumbent leaders. Their influence is essential to the Foundation. Guangming Yuan, Secretary-General of Shanghai Education Development Foundation said that the first meeting held by the Foundation was convened by Shanghai Municipal leaders for the city's ministries, commissions, and offices to pledge donations, and the first fund was raised as RMB 17,000,000.

Some local governments started to reform governmental-run organizations. For example, "Shenzhen Charity Association Reform Research Report"

points out that Shenzhen will follow big idea of "de-administration" and "de-monopoly" to delink the administrative affiliation relationship between Shenzhen Municipal Civil Affairs Bureau and Municipal Charity Association. Shenzhen Municipal Civil Affairs Bureau and Municipal Charity Association would implement "five separations" in functions, personnel, finance, assets, and office spaces to achieve "separation politics from community". The function of fund would be separated from Shenzhen Municipal Charity Foundation and was set up as "Shenzhen Charity Fund". Shenzhen Municipal Charity Association would retain its industry association function including legal corporation registration, achieving "independent as each association". The three parties will work independently after the reform, and the Municipal Charity Association will stay in the original place to operate after defining the right of assets belonging by way of signing low-cost lease agreement. The Municipal Charity Foundation will arrange its office location based on job requirements, for legitimate use of work sites needs to follow procedures and to sign agreements. After the reform, the Municipal Charity Association will establish an independent, efficient and modern personnel management system, changing the multiple roles of "combination of management and implementation" played by the Municipal Bureau of Civil Affairs. The Director of Shenzhen Bureau of Civil Affairs no longer serves as the executive vice president and legal representative of the municipal charity association, and no longer has the authority of its personnel management. After separating from the personnel of Shenzhen Municipal Bureau of Civil Affairs, in accordance with the principles of "being reformed benefiting from the reform" and the voluntarism of being reformed, the

existing staff will be spin-off to charity association after the reform, charity foundation and other governmental offices that are administered by Shenzhen Municipal Bureau of Civil Affairs. Shanghai, Beijing, Dalian, and other places also tried "de-administration" and transforming foundation.

On personnel establishment, the pace of local governments to withdraw is faster. Foundation management regulations made it clear that civil servants are not allowed to serve as leaders of foundations. However, many government officials are involved in foundations, community groups, and councils of governmental-run organizations. Currently, Beijing in accordance with the principle of "strict control for new and gradually reducing inventory" asks governmental officials to exit from charity organizations. Relevant people who are in charge said that, presently, for the new social organizations registered since last year, Beijing Bureau of Civil Affairs strictly limited public servants to serve as leaders at the time of registration and approval for social organizations. It has almost achieved that no civil servants or governmental-run managers hold important positions in social organizations. "Last year there were over 100 social organizations that completed registration at the municipal level, and no public officials held positions in these organizations." For those existing social organizations in which public officials are holding positions, because of the three-year or four-year term for social organizations' reelection, there is no set timetable for those civil servants city-wide to exit from social organizations. But when reelection comes in each organization, "civil affairs departments will strictly control the list of candidates for their entry." At present, there are social organizations that have

realized this exit due to reelection, although the proportion is not high.

(3) Operations

A. Fundraising

Charity organizations' right to raise public fund refers to the right enjoyed by legally registered charity organizations to raising public fund from the society, and the funds raised will be mainly used for the charity and organizational administrative operations. The right of raising public fund has to do with an organization's long-term development. Yet in China, most NGOs do not have the right of raising public fund. This right has become a scarce resource, and it belongs to public charity field's "privilege." For those charity organizations that do not have this right, fund is an insurmountable obstacle for their survival.

Currently, there are three national legislations on public fund-raising: "Philanthropy Donation Law," "Foundation Management Regulations", and "National Natural Disaster Relief Contingency Plans." They all clearly define that qualified organizations for fundraising are only limited to public-raising charity federation, and the Red Cross, which led to resources concentrated in the hands of a very few organizations. More than a thousand public-raising foundations, several thousand charity federations and over two thousands Red Cross founded by all levels of the government and relevant departments are the monopoly of 90% of the donation resources, most of which are controlled by the government. Particularly when a natural disaster occurs, the government requires that donations can only be made to civil affairs departments, the Red Cross, and the charity federation, and that donated funds be coordinated for use by government.

In this case, private individuals, corporations or social groups that are engaged in charity work, basically can only raise funds through those organizations that are qualified for fundraising to establish the second-tier specific fund so that they can run their businesses. One Foundation is a case in point. These special funds not only need to pay administrative fees to their affiliated charity organizations, but also the procedures are very cumbersome.

In addition, inequality exists among those organizations that have qualifications of public fundraising. As early as 1993, "The Red Cross Law" officially stipulated that Red Cross Association is a legal entity of social group. The departments of the Party and the governments at all levels intervene in the donation market through administrative means, mandatorily requiring all donations going to only a few of charity organizations, including the Red Cross. On May 31, 2008, the State Council urgently issued "Notice on the Management and Usage of Wenchuan Earthquake Relief Donations." According to this notice, the Red Cross and charity organizations at all levels and all public foundation with purpose of disaster relief were permitted to do fundraising activities in the name of disaster relief and receive relief donations. If public foundations without a mission of disaster relief wanted to conduct fundraising activities in the name of disaster relief, they must get approval from civil affairs departments. For those that have already been doing fundraising without the approval from the civil affairs departments, they must promptly go through approval procedures. For other types of social organizations, they must transfer their received donations within 15 days after the announcement of this notice to the civil affairs depart-

ments that are above the county level or to other public funds with relief mission including designated social institutions that are qualified to receive donations, the Red Cross and charity associations. Many organizations are qualified for raising funds, but the government often once again makes it clear that only a few of charity organizations can raise fund, which is the second differential treatment based on the first differential treatment of charity organizations. For example, after the Yushu earthquake, the Ministry of Civil Affairs on the basis of the rating of NGOs issued a document to confirm that only 15 social groups and foundations were permitted to conduct disaster relief fundraising activities. People.com posted comments that that was the usual practice after the occurrence of a major natural disaster.

In January 2010, "Jiangsu Provincial Philanthropy Promotion Bill" was passed and officially implemented on May 1st of that year, becoming China's first local philanthropy regulation. The second regulation emerged in Hunan Province. On November 27th, 2010, Hunan passed the "Hunan Provincial Donation Regulations" which was to take effect on May 1, 2011. The "Regulations" stipulate that civil affairs departments above the county level order those organizations that do not meet the requirements but have carried out fundraising activities to stop the illegal act, return donated property within a specified time. If the donated property cannot be returned, civil affairs departments shall order the property to be transferred to and managed by legitimate fundraiser. The rights for fundraising remain strictly controlled.

On May 1, 2012, to solve problems of no-legal basis for non-governmental charity donation activities, Guangzhou City introduced "Guangzhou City

Fundraising Bill." The Article 5 of the Bill stipulates six types of fundraising subjects, expanding from the existing ones to philanthropic social groups, non-government and non-profit organizations. Among them, expanding non-government and non-profit organizations to be a public fundraising body is the first reform measure in the country. By doing so, institutionally it encourages the development of private non-enterprise units, providing fair environment for non-government organizations competitive against government organizations. At the time, some critics were optimistic that the monopoly in fundraising shared by the Red Cross, charity associations and public foundations declared to be gone, and this initiative was regarded as the coming of the era of all-people public fundraising. However, the fundraising activities that Guangzhou allows the grassroots organizations to carry out is very limited, particularly the regulations on local management, fundraising time limit, and cross-border fundraising, make it is difficult for grassroots organizations to operate when doing fundraising. For example, the fund-raising through the network will definitely involve "cross-border", which to some extent limits the scope of excising fundraising right. Grassroots organizations joked about whether they can receive funds raised online.

B. Field of Activities

The government not only restricts the registration of charity organizations, but also intervenes in the field of their activities.

First, the government holds a negative attitude toward those "sensitive" charity organizations that uphold citizens' political and other rights which could politically challenge government, and takes very cautious and even repres-

sive measures toward them. In 2011, Benshun Zhou, Deputy Director of the Central Committee and Secretary General of the Central Political and Law Commission publicly issued a document called "Social Management Cannot Fall into the 'Civil Society' Trap". For labor activist grassroots organizations, the leadership of the Party and government departments are more likely to turn on red lights, expressing attitudes toward prevention and controls. In Shenzhen where migrant labor activists are concentrated, the suppression that grassroots organizations suffer is more astonishing. In February 2012, Shenzhen Chunfeng Labor Dispute Service unilaterally terminated the lease by its landlord. During the negotiation, they suffered water and power outages, and its institutional sign was removed. In March, the Shenzhen Yuandian Workers Service Department was continuously inspected by many departments including the Industrial and commercial department and the Fire Department, and soon received notice of early termination of the contract from its landlord. In April, the Shenzhen Workers Center was disturbed by unidentified people, and subsequently its landlord unilaterally terminated the contract early. In May, Shenzhen Grass Workers Service Department was similarly inspected by the Fire Department, and soon was terminated early of the contract by its landlord. In June, after failure to pressure the Times Women Workers Service by its landlord, the Business Department required it to immediately stop operating or to relocate. On August 8, Hand in Hand Workers Activity Room was suddenly inspected by the Fire Department of Xixiang. Among over a dozen grassroots organizations in Shenzhen only Little Bird Hotline is fine so far. Having the similar story, Shenzhen labor activist grassroots organizations do not

know what they will face in the future. Formerly known as Shenzhen Migrant Workers Association, Chunfeng Labor Dispute Services was established by Zhiru, Zhang, a migrant worker. In response to the proposal put forward by People's Congress of Guangdong Province, this organization initiated signature activities safeguarding the rights of migrant workers including "cancelling labor arbitration fees and reducing the cost of upholding migrant workers' rights" twice. The organization was banned by Shenzhen Municipal Civil Affairs Bureau later. Because protecting migrant workers' interests has to do with labor relations, local interests, and human right issues; once the government offers substantial support, this means it advocates such activities and goals. Meanwhile, the government should bear corresponding responsibility and risk.

Second, the government is open to government-run organizations in more areas, but excluded non-governmental organizations in the same areas. For example, the National People's Congress passed an amendment in 2012 of the "Civil Law," which introduced a public interest litigation, Section 55 of the Act that provides that "for environmental pollution and any activities harming the legal rights and interests of consumers, institutions and relevant organizations authorized by law can bring lawsuits to the People's Court, aiming at supporting public environmental activism." It seems to be evangelistic to this kind of "relevant organizations". However, in June 2013, the 3rd Meeting of the 12th NPC Standing Committee considered the second draft amendment to the Environmental Protection Act, one of the clauses regarding "environmental charity litigation plaintiff can only be Association of All-China Environment Federation and the All-China Environ-

ment Federation of provinces, autonomous regions and municipalities" raised much attention from the society. The absence of the litigation body is the biggest problem for China's new-fledgling charity litigation system. The new environmental protection law attempts to embrace All-China Environment Federation which to some degree liberalized environmental protection charity litigation field. However, the draft amendment to environmental laws under consideration stipulates that the litigation body of environmental public services may only be limited to All-China Environment Federation, and that other organizations and individuals in the field of environmental protection will be excluded from the field. To philanthropy field, it seems to be "de-administration", but actually is a new "administration."

C. Eligibility of Tax Deduction

Articles 24 and 25 of the "Philanthropy Donations Law" stipulate that corporations, other companies, individuals, and individual businesses that make donation to philanthropy in accordance with the provisions of this Act can enjoy tax benefits in terms of corporate taxes by law. However, there are few charity organizations that can offer tax deductions and exemptions invoice for donors, and also different charity organizations enjoy different benefits.

As early as 2004, there were very few charity organizations that qualified for tax exemptions. It was reported that, from 2000 to 2003, the State Council issued a series of provisions regarding full tax deductions, stipulating that donations made to 11 foundations can enjoy tax exemptions, including China Charity Federation, China Disabled People Federation, The Red Cross,

China Health Express Foundation, SunYefang Foundation, and Samaritan Foundation. Over time, the privilege prevalent in the philanthropy began decentralized from the Central Government to local administration. On December 29, 2005, Shanghai Municipal Bureau of Taxation issued a document on "Notice on Shanghai Municipal Charity Foundation Donation Tax Deduction before Tax." The Notice stipulates that when those social forces including corporations, enterprises, social groups and individuals make donations to Shanghai Municipal Charity Foundation, they are permitted to enjoy tax exemptions from corporate taxes and personal income taxes. All donations made after January 1st, 2005 can enjoy this tax benefits. According to this policy, donors can go to county-level departments of taxation for registration of tax exemptions by way of "donation invoices" issued by Shanghai Charity Foundation. Individuals can also give the "donation invoices" to their own business offices which would do registration on their behalf. On February 18, 2008 when "P.R.C. Individual Income Tax Implementation Regulations" was newly revised, there were seven social groups and foundations with relief and philanthropy missions that could enjoy tax deduction before tax policy at the start of that year in Hainan: Hainan Charity Federation, Hainan Provincial Teenagers' Hope Foundation, Hainan South China Sea Research Foundation, Hainan Samaritan Foundation, Hainan Higher Education Foundation, Hainan Jin Guang Education and Environmental Protection Foundation, and Hainan Li Huizhi Education Foundation. They all have certain strengths and governmental backgrounds. In order to benefit from such a favorable tax policy, companies are more likely to choose among these organizations to make donations, through this selec-

tion, donated funds would be naturally remitted to these government-run organizations. This privilege not only enables enterprises to choose the narrow scope of charity organizations, but also limits their interest in donations and at the same time curbing donated funds to flow into private organizations. After that, the Ministry of Finance and State Administration of Taxation expanded the scope of identified cases in terms of being tax-exempt. In 2010, it expanded to 44 cases, and then further expanding to 69, yet giving only 69 organizations to qualify for donation deduction. Even after the expansion, there were still discriminations. For example, only 22 organizations including the China Red Cross qualified for tax exemption before tax, and the rest can only enjoy up to 3% of tax deduction. In Tax policy [2008] 160 document, the State Administration of Taxation, the Ministry of Civil Affairs issued "Notice on Charity Donation Before Tax Deductions" that stated for businesses making charity donations through charitable organizations or the governments above the county level, the portion of the total profit of that year that is allowed to calculate taxable income deduction is lifted to 12%. When a business faces the choice between an organization that has tax-exempt qualifications and one without, it is no doubt that it will choose the former. This will inevitably lead to the dominance of certain areas of an organization while other organizations, particularly charity organizations shrink. Also, on March 8, 2013, among the announced list of 148 nonprofit organizations that "received 2012 charity tax deduction before tax qualifications" there were few private organizations. It is widespread that the registered charity organizations still have not received donation invoice. Bin Kong, Director of Shaanxi Zero Two Nine Charity Center, said that

since June 4 2012 when the organization registered until February 2013, he still has not seen the invoice. And it is hard to imagine corporate donations because companies need to run their account with invoice. Without large donations from corporations, there will be a huge impact on charity organizations.

D. Tax Exemption Status

Internationally, whether charity organizations or non-profit organizations are tax-exempt does not depend on whether there is a good relationship with the government or an acquaintance within the government, neither on whether there is a strong background or financial strength, but depending on their type of activities and income type, its organizational structure, governance, accountability, and whether they live up to the standard required by the tax authorities. For example, Australia IRS has administrative rights over non-profit organizations' tax-exemptions, identifying their qualifications, requiring non-profit organizations to do self-assessment of whether they are free of duty and the like. The Department of Taxation can review the assessment made by non-profit organizations and audit them to ensure the accuracy of self-evaluation. In the United States, IRS implements the identification of non-profit organizations' tax-exempt status. According to the U.S. National Center for Charity Statistics (NCCS), the Foundation Center and the U.S. Department of Labor, as of June 2012, there are over 1.56 million non-profit organizations that enjoy tax-exempt status in Internal Revenue Service (IRS). Among them, there are over 960,000 public charities, 90,000 private foundations, and more than 490,000 other types of non-profit organizations. For those non-profit organizations that have verified tax-exempt status by the U.S. Internal

Revenue Service, they are eligible for full tax exemption in terms of income tax, property tax, and unemployment tax. Income tax exemption means that when non-profit organizations with tax exempt status gain profit during their operation, the profit would be tax-exempt. Property tax exemption refers to land, buildings, etc. owned by these above organizations may be exempted from land tax and property tax. Unemployment tax exemption means that these organizations do not have to pay unemployment insurance taxes for their employees as required for other types of organizations. In addition to federal tax law, states also have their own preferential taxes. Take California tax law for example, it stipulates that non-profit organizations with tax-exempt status can also enjoy excise tax-exempt as well. American tax law defines non-profit organizations with tax exempt status as the following: the organization that is most likely to get tax-exempt status is the non-profit organization with charitable, religious, scientific, educational, cultural or public safety; the organization that is relatively easy to obtain tax-exempt status is the organization established for employees' benefits; other non-profit organizations with tax-exempt status include general membership organization, fraternity and solidarity organizations as well as organizations with purpose of mutual cooperation. For other non-profit organizations to get tax exempt status, they must go through the organizational and operational tests given by the U.S. Internal Revenue Service.

Public information shows that in 2011, there were 94 nonprofit organizations at Guangdong Provincial level that obtained tax-exempt status and 24 at Guangzhou municipal level. Among the above list, over 90 percent of them are social groups that have a govern-

mental or business background, such as charity organizations, industry associations, and corporate foundations, etc. There were very few of private charity organizations. As of September 30, 2013, a total of 3116 private non-profit organizations registered in Guangzhou City, and among them 45 in charity category. According to Guangzhou Local Taxation Bureau, in 2011 only 27 private nonprofit organizations were announced to have tax-exempt status, only 3 of which were in charity industry, and the success rate of application for tax exemption is less than 7%.

Although China has clearly stipulated that nonprofit organizations have tax-exempt status, but in fact, it is difficult for a nonprofit organization to obtain tax-exempt status. On January 1, 2008, the 'PRC Enterprise Income Tax Law' and the "Regulations for the Implementation of the PRC Enterprise Income Tax Law" took effect. The Article 26 of the "Enterprise Income Tax Law" clearly states that "profits from qualified nonprofit organizations" are tax-exempt; The Article 85 of "Regulations for the Implementation of the PRC Enterprise Income Tax Law" provides that "profits from qualified nonprofit organizations does not include the profits gained from for-profit businesses, except stated by the finance and taxation departments of the State Council. The registered nonprofit organizations need to take the initiative to apply for tax-exempt status, but the process is usually difficult. Charity organizations without tax exempt status would need to pay taxes in accordance with the same standard as that of corporations, which mainly include 25% corporate income taxes and 5.5% sales taxes. This is no doubt their burden.

Active in the public sector and its ac-

counts are open and transparent, Handakangfu Association of Guangdong Province (hereinafter referred Handa) in 2012 did not get tax-exempt status. In mid-December 2012, Handa held a "transparent public interest briefing", a comprehensive report on the past year's work and effectiveness to donors and the public, and also announced the projects and expenditure accounts to the public. Data shown in the meeting, in 2012 Handa service expenditure was RMB 3.417 million, but as of last November, Handa donated RMB 610,000 income balances. Baohui Zhang, a spokesperson for Handa, told reporters that, in addition to a one-time annual briefing on Handa's official website, there are regularly updated financial statements. Handa because of its clear and transparent accounts received the One Foundation" transparent model project" award. Although Handa has been open in terms of financial transparency and has been recognized by rating agencies of civil society, but it has failed many times in applying for tax exempt status. Thus, it needs to pay about RMB 200,000 in income tax each year. Baohui Zhang is very confused about this and asks that if "Handa is a private organization registered at the Provincial Department of Civil Affairs that offers services to cure leprosy patients, it is not for-profit, and financial information has always been open and transparent, as we can see, why we cannot get the tax-exempt status?"

In addition, if you do not have a tax deduction eligibility, non-profit organizations will not be eligible to purchase donated invoice. In this case, if a non-profit organization wants to give donated invoice to donors, it has to purchase invoices with sales tax from the internal revenue department, and in combination of sales tax with other turnover tax, the tax rate is over 6%.

E. Financial Resources

The government has given huge financial and administrative support for government-run organizations. China Red Cross that occupies the vast majority of charity resources still enjoy many institutional resources and financial allocations that other charity organizations do not enjoy. As the Red Cross Reform document, it stresses that governments at all levels should strengthen the organization and leadership of the Red Cross cause, and increase its financial input. Governments grant this privilege to government-run organizations, making them highly dependent on governments. Even if there are a lot of donated funds from social fundraising, they all contain executive order or administrative apportionment or administrative guidance. These organizations lack economic independence, and their public fund raising capacity is weak as well.

Meanwhile, government began to increase financial support for private organizations. In September 2013, the State Council issued "State Council Guidance on Government Procurement of Services from Social Forces," pointing out that government procurement of services from the social forces is gradually unfolding in all places. Among those purchased by government include services such as public services that are suitable for taking market oriented approach and that social forces can take on, highlighting public and welfare features. The intensity of purchasing services from the community are to be gradually strengthened in the fields of education, employment, social security, health care, housing, security, culture, sports and disabled services. By 2020, a system of purchasing social services from social forces is to be established in the country, developing into an efficient

and reasonable charity resource allocation system and supply system corresponding with the economic and social development, and the level and quality of charity are improved significantly. In 2012 and 2013, the Central Government allocated about \$200 million each year to support social organizations to participate social services, funding these organizations for their social service activities, pension services, medical assistance, disaster relief and other areas of social services. Not only the central government, but local governments also take active steps to offer financial support for private organizations. Since 2010, Beijing Social Construction Leaders Group have used special social construction projects funds to buy social organization services for three consecutive years, with total investment of nearly RMB 200 million, and to purchase 1029 social organization service projects. In 2010, it invested more than 40 million to purchase nearly 300 services. In 2011, it invested RMB 50 million buying 363 items. In 2013, it invested RMB 80 million and is expected to purchase 500 public services projects. In 2013, Beijing's purchase of social organization services focused on the following five aspects: basic public services, social services decision research, community convenience services, community management services, community building and information consulting services. Five categories are added in research projects: urban-rural integration, migrant population social services, social system reform, urban refinement of management, and modern social system reform, totaling up to 45 categories. Take homecare services for example. In 2004 Shanghai Municipal Government's subsidized funding for home care services was officially included in the government budget, and established a subsidy system of associating with community employment

services and with "government purchase of services." In 2006, Shanghai government spent RMB 90 million on homecare services. Nanjing Drum Tower District took an approach of being government-funded, increasing financial input and purchasing non-profit organizations' services. In 2003, it invested RMB 150,000 to buy 100 elderly home care services. In 2004, it invested RMB 350,000 which was included in the budget to buy 220 elderly home care services. In 2005, it invested RMB 1 million to purchase specific life care, home visits and on-call services, benefiting up to 930 elderly people. In 2006, the capital budget for government procurement of services increased to RMB 1.2 million, providing home care services for 1300 elderly. In Tianxin District of Changsha City, Hunan Province, government purchases social services for those elderly people who live alone. Those elderly people who have "three nones" (no ability to work, no income source, and no legal guardian) can enjoy low-cost insurance, and for those elderly who are in extreme difficulty can receive RMB 100 to 300 service subsidy every month from the government.

However, we can see that governmental purchase of social services does not universally benefit private organizations; rather, it gives more to government-run organizations. Guangdong Province and its cities all proclaimed the list of social organizations that are qualified for assuming transfer function and purchasing social services, yet it is hard to see any grassroots organizations in the list. In June 2012, Guangdong Provincial Department of Civil Affairs issued "Guidance on Determining the List of Social Organizations that are Qualified for Assuming Transfer Function and Purchasing Social Services," which stipulates that the

qualifications that social organizations should have are divided into necessary conditions and priority conditions. Among necessary conditions include legal status and well-established governance structure, etc, while priority conditions include rating above 3A and having tax-exempt qualifications. On December 19, 2012, Zhuhai Municipal Bureau of Civil Affairs announced the first batch of list, and among 95 social organizations that have qualifications there are 69 industry associations and chambers of commerce, accounting for 72.6%. On August 28, 2012, Foshan Municipal Government announced the first batch of list of social organizations on its website. Among 57 social organizations that have qualifications, there are 46 industry associations, accounting for 80.7%.

F. External Funding

Government takes strict control of the foreign resources of private organizations. Most affected by this control are grassroots organizations because the main funding source of grassroots organizations is funding from overseas. These funds include funds from Hong Kong, Macao, Taiwan and other foreign countries. It not only includes donated funding by overseas foundations, non-governmental organizations, international organizations, foreign governments and nonprofit organizations, but also includes overseas private organizations' direct involvement in China's nonprofit cause. It is well known that, most private organizations have no fundraising qualifications and little dealings with businesses. Most of the enterprises in China are willing to cooperate with large foundations, and these organizations are often less likely to obtain government subsidies or government procurement opportunities. Under these circumstances, the role of foreign capital plays in private organizations' fi-

nancial sources is self-evident. Since the global financial crisis took place in 2007, governments in all countries began to realize the importance of strengthening cross-border capital flows in effective supervision. In the name of preventing foreign capital flowing into China for conducting for-profit business activities and control risks on behalf of China's financial system, in December 2009, the State Administration of Foreign Exchange issued a "Notice on Domestic Institutions' Foreign Exchange Management Issues Related to Donation" (HuiFa [2009] No. 63) (the State Administration of Foreign Exchange, 2009), specifically regulates all kinds of international donation activities conducted by domestic institutions, requiring that all domestic institutions open foreign exchange donation account and only after submitting relevant documents to the banks can handle foreign capital into accounts. The Notice also specifically distinguishes procedures for handling foreign exchange among different types of social organizations. This Notice definitely shows the determination by the Central Government in regulating the acceptance of overseas donation funds by domestic institutions. As to the "Notice from the State Administration of Foreign Exchange on the Issues related to Overseas Foreign Exchange Donation" (HuiFa No. 2009-63), it is unrealistic for donors and grantees to notarize donation agreement. It is equally unrealistic for grassroots organizations to show proof of the legal registration by overseas institutions when they withdraw fund from banks. A lot of foreign nonprofit organizations registered as businesses, and it is difficult for them to prove to be nonprofit organizations, let alone a lot of donation directly coming from foreign companies. In addition, many other restrictions imposed by the government make it a difficult environ-

ment in which international NGOs in China operate. Some even simply withdrew from China, the ones that are still in China also found that it is difficult to fund grassroots organizations. For example, "Yunnan Civil Affairs Department Notice on Carrying out Matters of Registered Records for Overseas Nonprofit Organizations" (February 9, 2010) stipulates that international organizations in China that conduct activities need to be examined and approved by government" and "to cooperate with its provincial organizations (charity institutions, social groups, foundations, and private non-enterprise units)," which basically cut off the possibility of receiving funds from the registered as businesses grassroots organizations .

3. The Root of "Administration"

The "deep root" of the "administration" in philanthropy field is unchecked executive power, yet its "direct cause" is the will of the government to safeguard its own interests and abilities.

Government must first protect their own political interests, namely, its monopoly on political authority. This is its fundamental interests. To this end, the government has to prevent challenges from an organized society, which in turn requires limiting the development of independent private organizations. Second, the government should expand their economic interests, in addition to legitimate taxes, also coveting expanding public resources, and do everything possible to put them into their own bag or control them. Third, the government should protect the interests of "insiders", and further strengthen their power. This would favor government-run charity organizations. Meanwhile, as beneficiaries, government-run charity organizations will also find ways to maintain

their own interests. Fourth, it takes time for a large number of government-run social organizations inherited from the period of the planning economy to transform and digest, and some even continue to survive and develop. This requires the government to give them preferential treatment in a given period or special support on this situation objectively. All of these are the direct causes for "administration" in the philanthropy field. Of course, the support behind them is the overriding administrative powers.

1) Safeguarding Governments' Political Interests

"Government" is not an abstract concept, in reality, government is composed of a group of real people, and civil servants in the government are no different from ordinary people on its individual terms. In general, they all are "rational economic men" seeking to maximize their own interests. Not only can civil servants be regarded as "rational economic men," but also the government itself. The "rational economic men" feature of governmental behavior determines that governmental behavior seeks to maximize the interests of government or ruling class. This is the key to understanding government behavior, and also the basis of understanding current Chinese society.

For an authoritarian government, the monopoly of power is in its greatest benefit. The most effective means to maintain a monopoly, but also an indispensable means is to effectively control the public collective action. Social organization is the most powerful tool for collective action. Therefore, it is no doubt, charity organizations independent of authoritative government is its "enemies." The first counterstrategy is to restrict its development and influence. Therefore, the first strat-

egy used by authoritative government to deal with independent social organizations must be "restriction". The reason that the government controls philanthropy is not philanthropy itself, but the "organized" behavior used in charity enterprises. Government is afraid of the power of organization which could challenge the authority of government. For example, environmental organizations care about the environment, probably not being against government, but in the course of action, it could turn against government.

The government trying to protect their own political interests mainly causes for the administration in the field of charity. Government concerns about independence, autonomy and development of philanthropy area which could weaken the authority and status of government, and weaken government restriction and control of the society, and threaten the country's political and economic security. Therefore, the government may take discriminatory administrative control of the "disobedient" organizations, and maintain operations in philanthropy while ensuring their safety.

Xiaoguang Kang pointed out in his book entitled "Gentleman Society" that the beneficiaries of the existing system and policies, or the allies of ruling class, whose motivations are generally good, whose areas of activity are generally legitimate, whose way of action is generally mild, so their challenge is small, or even is not even challenging. The victims of the current system, or deprived group, their motivation is likely to be intense, their field of activity is likely to be sensitive, and their way of action is likely to be intense, so the challenge imposed by them is huge. In China's current "elite league-bandit society", the capitalist class, the

right of association of intellectuals, though limited, is much better than that of the workers and peasants. To the bourgeoisie, for example, they can easily set up a company; many companies are large in scale and wealthy. Industry associations, chambers of commerce, rich people's private clubs, all serve as forum for capital interests. The fate of the working class is miserable. Although there are tens of thousands of fake unions, the existence of independent trade unions is absolutely not allowed. Farmers even do not have fake unions, but are only allowed to set up specialized economic cooperatives. This is because capitalists and intellectuals are all members of the elite league, and are predators in a bandit society, and are relatively happy with the current system. While workers and farmers are victims of the current system, they are disgruntled about the existing system; therefore, government is more tolerant of the bourgeoisie and intellectuals, and does not have a strict control of their unions. In contrast, the government has full of doubts on the workers and peasants, excising severe control of their association behavior. The historical inertia that government has maintained determines that government must lead. Since charity organizations have both functions of providing social services, but also the potential of organizing the public to challenge the authority of government as a tool for citizens' collective action, government must start with political power and is bound to curb the challenge to the authority of the government, and to manage it. On one hand, trying to eradicate the existence of such organizations; on the other hand, when such organizations exist, try to contain their development. As long as the government regime does not change, their intervention is inevitable.

In order to maintain their governance and to pursue their own interests, the government is bound to control charity organizations by virtue of their dominant position to meet their own interests so as to achieve the goal of "For My Usage" (both taking advantage of using social organizations' ability of social services and restricting their ability to challenge). Overall, the future role of social organizations in the economic and social development will be expanded and strengthened. The government has made it clear that the fundamental purpose of the establishment of a sound social management system with Chinese characteristics is to "consolidate the Party's ruling status, to safeguard people's fundamental interests, to ensure stability of the state... ensure that the reform is always advancing along the direction of socialism with Chinese characteristics". Just like Benshun Zhou, Deputy Director of the Central Political and Law Commission in his published article entitled "Social Management Cannot Fall Into the Trap of Civil Society" in a journal called "Seeking Truth" pointed out that there are four fundamental differences, that is, "China and the West are fundamentally different in political systems, social systems, national conditions, and stages of development", which determines that China and the West have completely different social management systems. Benshun Zhou unequivocally stated that "we need to innovate social management and give full play to our political and institutional advantages. The Party leadership, government responsibility, social collaboration, and social management pattern of public participation are our political advantages, which embodies the fundamentals of innovation and social management. We should take the perspective of consolidating the Party's ruling status, maintaining the stability of the

country and ensuring people's happiness to effectively solve social management issues that are incompatible with the new situation, and safeguard against misinformation and even falling into the trap of "civil society" set up by some of the Western countries. In China, to foster and develop social organizations, we must formulate a code of conduct, pre-set up a "safety valve," so as to prevent the development of some social organizations with vicious motives.

However, the call for "de-administration" in philanthropy field is loud. Government realized that the de-administration to some degree is in favor of the regularization of the administrative relationships between government and private organizations, and reduce the incidence of corruption and enhance public trust in government. This is more obvious with regard to the performance of local governments. After the opening up and reform, with the adjustment of the central and local relations, the autonomy of local governments strengthened, and the status of stakeholders is obvious. Driven by interests, some local governments actively explored ideas and methods of "de-administration," developing into a reform model of region and diversity.

2) Expanding Governments' Economic Interests

After the opening up and reform, China initiated the reform of marketization. Increasing social demand posed challenge to the model of providing public goods by government in line with traditional and planning economy. In order to alleviate their financial burden, the government began to set up government-run charity organizations. Therefore, the use of social organizations to meet the needs of the society is a wise choice for the

government, which can help reduce financial burden. However, only under the premise of a guaranteed monopoly of political power can authoritarian government allow the existence and development of social organizations and use them to meet the needs of the society. Therefore, in using social organizations to provide charity, the government either supports "harmless" organizations or "harmless behavior" of social organizations.

3) Government-Run Charity Organizations Safeguard their Established Interests

In fact, while advocating the de-administration in the philanthropy field, a large number of government-run social organizations who are also beneficiaries of the system are strongly against de-administration. They are the beneficiaries of the administration of the philanthropy field, so to maintain their interests there is no incentive for them to do de-administration. The benefits that government has brought to government-run charity organizations are obvious: government funding, administrative duties and benefits, large donations due to government background (Some large donors themselves are at one end of the whole chain of interest, and government-run charity organizations are able to help these donors in coordination with government leaders so they have leaders attend some important occasions, express governmental support, develop new markets, and bring political, social and economic benefits that cannot be bought by money to them. Yet the government is willing to do so because it is secure in terms of "benefits to be kept to themselves." On the other hand, what government-run charity organizations do is mostly what the government does, which do not challenge the government. Yun Wang explained that the lack of incentives for

those who have benefited from the current system to make any change from the perspective of institutional change: as long as the system change is to be carried out, the new balanced system is not only to benefit the implementers of institutional change, but also all the people in the system can enjoy a certain degree of externality but do not need to bear the cost for this. As such, nonprofit organizations would have no incentive for institutional change. Even if the existing system brings about many administrative problems, it does not produce induced types of changes. In addition, there are many non-competitive activities in the existing system of profit sharing, and these beneficiaries would have a strong path dependence, and institutional change become more difficult.

China Charity Federation established federation type of charity since 1994. Although it has contributed to developing the charity enterprises in China, the strong executive power behind it has brought about a monopoly of resources, which curbs the fair competition in the philanthropy system, resulting in the inefficiency of resources utilization. Unlike the Red Cross systems, the China Charity Federation does not have its own administrative establishment. Although Charity Federation was established under the circumstances of "no financial provision, no administration preparation, and no elected officials", the feature of government-run still exists. At each local charity federation, influence of government is more intense. Most of these federations are initiated by local civil affairs departments, and many are directly under a governmental office or department. When local charity associations conduct fundraising byway of special administrative status, they are naturally having monopoly of resources. China Foundation for Poverty

Alleviation is a special case. After the Reform and Opening up, the Chinese government launched a large-scale poverty reduction initiative. At that time, some overseas companies expressed their willingness to support China's poverty alleviation. In principle, the government cannot directly accept donations, so the China Foundation for Poverty Alleviation was born against this backdrop. During its starting-up period, the organization was heavily government-run, so the positioning of its role adversely impacted the operation of the Foundation. In addition, due to the shortage of funds, China Foundation for Poverty Alleviation was in urgent need of reform. In 2000, the China Foundation for Poverty Alleviation formally submitted a report to the relevant authorities in request for the cancellation of the Foundation's national administrative establishment, changing it into that of a civil group. This would create a new personnel management system, implement full competition recruitment system and the cadre system, abolish administrative hierarchy, and break the "iron bowl" of their jobs. At the same time, the China Foundation for Poverty Alleviation began to conduct public fundraising by way of its brand and credibility, rather than through administrative power force top-down apportion and forcing donation. The donations to the Foundation were received from each individual donor who did so voluntarily. At the same time, the China Foundation for Poverty Alleviation focuses on the credibility of training and upgrading. Changing from government-run charity organization into private charity organizations in a real sense, the China Foundation for Poverty Alleviation introduced competition and evaluation mechanism in its operation, which greatly improves the efficiency of the Foundation's operations. Its human

resources system, administrative system, financial system, branding and project management system, etc., can be a good practice for other charities, especially for public-raising foundations. In addition, it exhibits a de-administrative prospect for the entire philanthropy field.

4) Long-Standing Issues

When the People's Republic of China was founded, the government had taken over and restructured the charity organizations and institutions that were established before 1949, replacing the old ones with government-run institutions. In the era of planning economy, China's philanthropy system was long stagnant, except for the non-organized act of philanthropy between neighbors or relatives. Non-governmental philanthropy disappeared, with the government leading to meet social needs. Charity activities began to resurrect only after the Reform and Opening up, but those organizations were more "seemingly like but actually not" charity organizations, heavily relying on government-run, becoming an extension of governmental departments at all levels under the planning system, equivalent to government agencies that implement all kinds of administrative policies. For many years, the government has dominated the society with a strong subjectivity and philanthropy has been government-run, the positioning of government-run organizations has been vague, and organizational structure, social function and behavior patterns have been similar to government agencies. The government continued to follow the model established under the planning economy to set up charity organizations, and even directly established the offices of charity organizations in government agencies. Even today, a number of charity organizations are typical administrative organi-

zations. As the market economy continues to advance, the market has begun to take shape. However, the philanthropy field has not taken shape yet, because the government hasn't given in the "philanthropy domain", in which charity activities are allowed to conduct. After the Reform and Opening up, inevitably there will be a conflict between the new form of social organizations and the government: government-run charity problems, "bureaucratic habits" brought into the philanthropy sector, inefficiency in management, and without transparency or rules. After the incidence of Meimei Guo took place, some critics think that we are still using a rigid and centralized system formed under the planning economy to manage a more and more open and diversified society. Under these circumstances, it would be surprising if there were no conflicts or no crisis. The crisis of Red Cross is an example of the conflict between administration management system and the demand of social autonomy.

4. The motivation of "de-administration"

Based on the analysis of performance, nature and roots of "administration" in the philanthropy field, we can configure the meaning and goal of "de-administration." In brief, the goals of "de-administration" are the following: first, to establish a reasonable philanthropy culture, which is the premise of "de-administration" and of establishing ideal charity enterprises. Second, under the guidance of the reasonable charity culture, to ensure charity regulations are perfect. This in turn depends on the establishment of healthy legislative mechanisms. Third, government governs by law, eliminating "governmental over-intervention", taking account for what it is responsible while letting go what it should not be

responsible for. Fourth, government governs by law, eliminating "discriminatory regulations," equally treating all charity organizations and thoroughly realizing universal benefiting system.

Then, where does the incentive of "de-administration" come from? In other words, who is going to promote "de-administration?" From the perspective of the reality and logic, the incentive of "de-administration" comes from the victims of "administration."

First, the immediate victims of "administration" are private organizations. Therefore, private organizations naturally become the pioneers of being against "administration" and advocating for "de-administration".

Second, the ultimate victims of "administration" are philanthropy beneficiaries. The so-called "philanthropy beneficiaries" not only include the direct recipients of charity, but also donors, and volunteers. They have demand for charity, yet the government cannot meet their needs, thus forming a gap between the philanthropic supply and demand. It is this gap that formed the pressure or motivation from the society for "de-administration". Over the long run, this is a constantly growing, irresistible, and ultimate advantage. So to speak, the beneficiaries of charity, or the public, become the solid social foundation for "de-administration".

Finally, the government itself is the victim of "administration". The functions of nonprofit organizations are to meet the needs of the community, but "administration" curbs their functions, thus exacerbating the shortage of philanthropic supply. The lack of philanthropic supply will damage the legitimacy and effectiveness of the govern-

ment, further damage political stability, and even damage the fundamental interests of the government. Thus, the government also has motivation to promote "de-administration" in the philanthropy field. In fact, this is one of the underlying causes for the government to promote "good reform" (or de-administration reform). In the final analysis, the motivation of "de-administration" comes from the public, so here the focus is on the motivation of "de-administration" from the public.

1) Dissatisfaction of Public Demand

After 20 years of Reform and Opening up, China has made remarkable achievements in the supply field of private goods, and thus, China's society was changed from subsistence-based to develop-oriented. Social conflict has undergone profound changes. When a country's per capita GDP is in a transition from \$1,000 to \$3,000, it is a period of expanding public demand in this country. China is in the critical period of accelerating the development of food and clothing from the general society to well-off society, and accelerating the transition from a traditional agricultural society to industrial society. From 1978 to the mid 1990s, the urban and rural Engel Indexes in China showed that, urban and rural residents spent more on their development-related public services, the public demand entered into a comprehensive and rapid growth period. As the development of the society and the progress of the times, the public demand shows a trend of diversification. Based on their development needs, the public demand for individualization is increasing. The public social needs also change from "bottom-line oriented" to "development-oriented." People are no longer satisfied with food and clothing, but want to enhance their ability to continuously improve the quality of life. The development tendency of ad-

ministration in the philanthropy field will largely hinder its own functions to play out, thus not conducive to meeting the diverse needs of the community.

From the perspective of the changing trend of China's social conflicts, the whole society's overall rapid growth in public demand began to form an impetus and a pressure for a new period of reform and development. The overall growth in demand and supply of public goods and the shortage of public services are very prominent issues. Due to the dual pressures of institutional transition and economic and social transformation, the supply of China's public services and public goods is in a serious shortage. The incompatibility between the two has become a major problem for China's economic and social development. This is mainly reflected in the following: (1) due to the serious income disparity and the trend of increasingly widening between the gap, there has never been a stronger and more urgent desire from the public to narrow the gap and redistribute basic public goods. (2) Compulsory education and public health have become most important public needs for most members of the society. The growing costs of education and health care exceed far beyond that of the household disposable income, and have become a heavy burden on most families. (3) During China's economic and social transition period, employment and social security have become important public demands for the whole society. China is facing huge employment pressure. (4) Public safety has increasingly become a widespread public demand for the society. In China's economic transition process, the reconstruction of social order is generally behind, credit is lacked universally, all kinds of markets are still not standardized, and govern-

ment's market supervision function is far from being in place. Thus, the problems of production safety, health safety, and food safety are still serious. (5) With the change of interest, reasonable and legitimate expression of interest and interest in litigation has become public demand for the majority of the society, particularly for vulnerable people. Demand for these public services makes the government, to some degree, consider public interest, consider how to build the new society in a new situation, and how to manage the society, based on the pursuit of its own authority and legitimacy. Yongkang Zhou evaluated China's existing social management system and said that it "has taken shape a basic social management system with Chinese characteristics...In general, China's social management system is compatible with China's national conditions and its socialist system." The big backdrop against innovative social management is that "there are still many problems in the current social management field, particularly the problems of imbalance, lack of coordination, and unsustainability. The gap between the regions, between the urban and the rural, and income disparity among some people are still large, and it is becoming more difficult to take these kinds of interests into account. With the deepening of reform and opening up as well as the development of the socialist market economy, for a long time the social structure formed in a closed or semi-closed environment and under a planning economy has undergone fundamental changes. People's ideology, values, and moral beliefs, have become pluralistic, diversified and varied, the consciousness of fairness, democracy, rights, law, and monitoring are strengthening. There is an increasingly strong desire for sharing the achievements of reform and development. These all bring about

new requirements to social management. The de-administration in the philanthropy field has become an important subject for the government and the philanthropy field.

2) Awakening of Public

After the Reform and Opening up, China's national economy has created a continuous growth miracle, and still continues to create miracles. As China gets increasingly affluent, the economic factor is no longer the reason that accounts for the backwardness of philanthropy. On the contrary, the economic factor became a favorable factor for the major development of charity. When the widening gap between the rich and the poor makes the scale of the needy remains high, and the field of philanthropy is becoming increasingly broad, and there is endless demand for social services, social factors obviously are very conducive to the development of charity. Faced with the grim reality, social forces under the influence of the market economy began to grow, independent of the rights consciousness awakening. At the same time, the social atmosphere is improved in advancing the public's expectations of the increasing development of philanthropy, not only for low-income or disadvantaged groups hoping to get help from the development of community philanthropy, but also those people who get rich first, and therefore have the ability to help others need to pay back to the community in a normal way. The public has the ability and is willing to voluntarily contribute to the public good in their own strength, to protect their rights and interests, and contend with the force of administration, particularly those mandatory and discriminatory forces. For example, nonprofit organizations keep asking for more legal rights and resources from the government and from the community to en-

gage in charity, and some individuals began to use the format of micro-philanthropy to join in charity, thus challenging the administration of charity. Scholars and the media put forward the idea of "de-administration" of the philanthropy field, calling for reform. The "de-administration" of the philanthropy field becomes an issue of debate for the whole society. On the forum of One Hundred People, Yongguang Xu criticized the current philanthropy system as "neither fish nor fowl, split personality, lack of reform, sticking to interests, stoop, apathetic, dragging the industry, doing damage to China and the people if no reform measures to take!". China increasingly needs sustainable, rapid, and healthy development of philanthropy enterprises, as well as independent, transparent, professional, and efficient charity organizations. However, the gap between the demand and the reality is huge. The only solution to solving this problem is to give all charity organizations equal rights and opportunity to develop, and meanwhile, to give free right of selection to citizens. A perfect field of philanthropy not only needs wealthy institutions, but all kinds of social organizations that provide different services to the community, developing into a situation in which "the wealthy pay back money and the capable pay back their skills."

Public opinion on culture and values in the field of philanthropy in China has changed significantly. People's trust in government-run organizations has declined, and they long for the independence and autonomy of philanthropy and of the end of administration, requiring a freedom of selection rights that can be achieved in the philanthropy fields. The sharp decrease in donations after the "Meime Guo incident" shows that the China Red Cross and other public organiza-

tions have severely overdrawn public trust. On September 21, 2013, China Charity and Donation Information Center released the "2012 China Charity Donations Report" which depicts that China's total social donations (including received donations of money and goods both at home and abroad) totaled about RMB81.7 billion, equivalent to RMB 60.4 million per capita donations last year, but this figure is only about 0.25% of disposable income per capita. Compared with the year of 2011, China received donations had reduced about RMB28 billion, down 3.31 percent. That is the decline for two consecutive years. Data shows that the Red Cross associations in China received donation RMB 2.188 billion, accounting for 2.68% of the total national donations in 2011, reduced about RMB 679 million compared with that of 2011, down 23.67%. That also depicts a decline for the Red Cross for two consecutive years. Jianzhong Xu, deputy director of the Promotion Division at the Ministry of Civil Affairs said, stated that the factor that caused for the decline of donations was the sustained but negative impact of the "Meimei Guo incident," in addition to the sustained global recession and the reduction of serious natural disasters, etc..

For this question, Daofeng He said, the so-called distrust is not aimed at a few organizations, but at the monopoly of philanthropy field by the government for a long time. To meet the public challenge of trust, within 72 hours of the Yaan earthquake, 42 foundations jointly initiated the China Foundation 4•20 Relief Operations Discipline Alliance. He said "if you want to change the entire philanthropy field you would need to change yourself." These foundations promised that, throughout the process, they would publish the information related to acceptance

of donations and the usage of the donation, accept the supervision of donors and of the community, accept government regulation, take on all legal responsibilities, and to regain public trust in charity organizations with transparency.

As beneficiaries, government-run charity organizations have also begun de-administration reform. This is because the access mechanism, appointment, sources of funding, and operation of projects of the organizations are largely impacted by administrative power. Therefore, government-run charity organizations are bound by many aspects during their daily operations, which greatly hamper the realization of functions of government-run charity organizations in the process of providing services. Under the development way of administration, government-run charity organizations do not have the pressure of performance, and neither do they have to assume too much risk, therefore, they would neglect their own capacity building. Currently, China's government-run charity organizations are still immature in terms of both their fund-raising ability and project operational ability, which calls for an urgent need to solve the problem of the administration of government-run charity organizations, and to ask them to take accountability for their own actions.

With the rapid development of the Internet, the demand for philanthropy is growing quickly. More and more people are beginning to participate in philanthropic activities. In addition to a variety of real-world charity organizations, all kinds of online charity organizations are also developing quickly. Now the Internet has flattened the world, and people can stay at home to share their knowledge and experiences with others, to circumvent

the complexity in the process and replaced by simple and effective philanthropic behavior. Charity online network has just started, and it is becoming popular while being on the right track. Over the long run, the advantages of charity online network will be gradually released as charity system becomes better, the public's perception about philanthropy gets more updated, and the influence of online media is more consolidated. "The application of online network makes the originally vertical control management system to be disrupted by crisscross network of relationships, and organized philanthropy no longer means the whole of philanthropy field. Free lunch, micro-blogging crackdown -- readily taking pictures of rescuing child beggars, leukemia adolescent rescue activities, cleaning dust by love -- these activities in full swing are given a warm and friendly name: micro-charity." "Micro-philanthropy affects and changes people's ideas of charity, quietly changing the pattern of China's philanthropy and even all aspects of China's politics, economy, and people's lives".

Relying on the interaction and no geographical restriction nature of the Internet, as well as on the natural advantage of uniting and cohering individuals to participate in charity activities, an low-threshold, transparent, convenient, speedy and high efficient and interactive online philanthropy platform is gradually developed, which led to a fundamental reform in the philanthropy field.

5. The duo variation of "administration" and "de-administration"

Thirty years is not a long time, but when you examine the three decades,

you can still find some changes and trends. From the first decade of the Reform and Opening up to 1989, "de-administration" was the theme of the philanthropy field, which was mainly reflected as breaking the original administrative system. During this period, as far as governmental actions are concerned, "broken" was more than "built". From 1989 to 2010, a series of management system was established, which laid the basic foundation for the government management system. During this period, "administration" overwhelmed "de-administration."

Since 2011, under the banner of "strengthening social management innovation, "administration" and "de-administration" have been going in parallel, selective "control" and selective "loosening" have been going simultaneously, thus the "administration" limiting its social function of organizational challenges and the "de-administration" using its "service function" have been going hand in hand. The government pays more attention to social organizations, and actively explore management practices, strengthens the system construction, but also has greatly enhanced its management capacity, and proposed an overall blueprint of "party leadership, government accountability, social coordination, and public participation". During this period, government actively and consciously "built" overwhelming "broken."

In China's philanthropy field, a new "administration" came, or "administration again" emerged while the old "administration" over the past thirty decades was gone. "Administration" and "de-administration" go side by side, performing dazzling "duo-variations". However, in general, the overall trend after the Reform and Opening up is

"de-administration", although in this overall trend, "administration" emerged one after another.

Why is this the case?

Earlier analysis pointed out that the community and government are the two major forces dominating "administration" and "de-administration." In general, social position, attitude and practical effect are consistent, that is, to resist "administration" and promote "de-administration." However, the attitude and the role of government are contradictory as government is the force to promote both "administration" and "de-administration." When it needs to watch out against nonprofit organizations, it would do administration when it needs to use nonprofit organizations, then it would do de-administration. When government does "administration", it is in conflict with the community; when it does "de-administration," then it is in harmony with the community. In reality, every "close combat" between the government and the community ends up being the government claiming victory. Look at each issue and each time, seemingly it is hard to curb government's "administration." Why did always government win every combat? This is because in the previous totalitarian regime before the reform, government had overwhelming advantages. In the progressive reform, although having undergone extensive liberalization, during the power match between the government and the community, although government's comparative advantage has declined, it still maintains absolute advantages. Therefore, the government not only has "subjective motivation" but also "objective capabilities" to manage the community according to its own interests. However, in the long run, there

are two "trends" that cannot be ignored. First, in contrast to that of prior to the Reform and Opening up, the power of the community has been hugely improved. More important, this "trend" is beyond governmental control, and even the government itself is unconsciously participating in making this trend. Second, in the process of reform and opening up, although the government has always maintained "absolute advantage" and still has it, but its "comparative advantage" is declining while the community's "comparative advantage" is on the rise. In other words, in a short game, the government is the "winner," but in the longer game, the result is the opposite -- the community is "winner."

The above analysis does not indicate that the "de-administration" in the philanthropy field will continue to go smoothly. In fact, since 2011, the trend of change has been increasingly blurred and unpredictable. Perhaps the executive-led and government-run charity organization overwhelming pattern will exist for a long term. However, we can hold a cautious and optimistic attitude toward the future.

"De-administration" is a revolution in the field of philanthropy. The revolution has started, still continues, and is far from being over!



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