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Administrative Reform and the Transfer of Authority to Social Organizations in China

Abstract
In this article we examine the administrative functions being carried out by social organizations (SOs) since 2013, using evidence from Guangdong to demonstrate that the transfer of authority to SOs is selective, tends to create more burdens for local government, and generally does not lead to greater autonomy for SOs. We focus on five types of SOs that are undertaking new administrative functions with varying degrees of operational autonomy, which relates to the consultative authoritarian model proposed by Jessica Teets. Consultative authoritarianism allows for the expansion of relatively autonomous SOs and the development of indirect state control mechanisms. The model is designed to improve governance without democratization by expanding the role played by intermediaries such as SOs in public administration and service delivery. The evidence from Guangdong permits us to conclude that the transfer of authority to SOs allows for innovations in public administration, but that politics continues to motivate government decisions as to which functions are suitable for SOs to undertake, casting doubt on the ability of the Chinese Communist Party to achieve sustainable improvements in local governance and public service provision.

Key words: social organizations; administrative reform; China; politics; Guangdong

Introduction
The current Chinese leaders, Xi Jinping and Li Keqiang, are striving to achieve economic rebalancing while pushing through complex political reforms aimed at reducing corruption and improving public service efficiencies. In this context we focus on the transfer of authority to social organizations (shehui zuzhi 社会组织, hereafter SOs), using evidence from Guangdong province to demonstrate that current reforms are creating considerable administrative burdens and are not necessarily leading to greater autonomy for SOs. These findings cast doubt on the ability of the government, under the “consultative authoritarianism” model proposed by Jessica
Teets, to achieve sustainable improvements in local governance and public service provision.\(^1\) Whereas Teets focuses on the rise of a pluralistic society participating in policy formation and the concurrent expansion of indirect state control, we focus on the changing degrees of state tolerance for a plurality of SOs by selecting five types of SOs that undertake administrative functions in areas such as property management and wetland conservation with varying degrees of success. The transfer of authority to SOs encourages innovations in public administration, but politics continues to motivate government decisions as to which administrative functions are suitable for SOs to undertake, casting doubt on the ability of the Chinese Communist Party (CCP) to improve governance and ensure its own long-term survival (changqi zhizheng 长期执政) by transferring authority to SOs.

There have been seven rounds of administrative reform in China since Deng Xiaoping embarked on a policy of “reform and opening” (gaige kaifang 改革开放) in 1982.\(^2\) Unlike previous rounds of reform, the transfer of authority to SOs in 2013 is designed to improve the relationship between government and society, appeasing public opinion while legitimizing the CCP.\(^3\) Jude Howell succinctly captures the evolution of state-society relations in China, identifying a gradual shift from overt state repression and muted tolerance in the 1990s and 2000s to what is now a model of incorporation where the government is easing restrictions on SOs and purchasing a wide range of services from SOs.\(^4\) In 2015 Premier Li Keqiang called for SOs to play a bigger role in public service provision, and proclaimed his support for “streamlining administration and delegating power” (jianzheng fangquan 简政放权).\(^5\)

The 2013 reforms require that each of China’s 31 provincial governments commit to the transfer of authority to SOs in accordance with the unified standards set by the State Council. The provincial government in Guangdong is creating new power sharing arrangements under the institutional architecture set up by the State Council, and as of 2014 transferred 103 specific administrative functions to SOs including legal aid, cultural activities, cooperative programmes, and approval procedures for business licenses and permits.\(^6\) During our research in Guangdong we found that the government’s commitment to power sharing and administrative reform does not always lead to improvements in the capacity of SOs for self-management or autonomous

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1 Teets 2013, 36.
2 The seven rounds of administrative reform have taken place in five-year cycles since 1982.
3 Shi 2015.
4 Howell 2015, 703.
5 Li 2015.
6 Shi and Gao 2015.
service delivery. In addition, SOs are facing increasing competition for government contracts from newly established statutory agencies, adding another layer of complexity to the post-2013 transfer of authority and the emerging model of collaborative governance in China.

This article begins by conceptualizing the transfer of authority to SOs. We then identify and classify the types of SOs that are undertaking new administrative functions, including statutory agencies, that have yet to feature in any academic study of Chinese public administration. We question the extent to which SOs are willing and able to perform their new functions by comparing the leadership and membership profiles of SOs and the resources at their disposal. After identifying the types of administrative functions that are being undertaken by SOs in Guangdong, we argue that the transfer of authority to SOs is highly selective and that SOs are primarily concerned with their own survival, which is largely determined by their ability for form and maintain strategic political alliances at a time when the government is reluctant to allow SOs to become powerful and influential in their own right.

**Debating the Transfer of Authority**

In March 2013 the CCP announced that “social organizations should perform public service provision functions that are suitable for them to provide,” giving SOs a new legitimacy to undertake functions that were once the preserve of the government.⁷ We believe that there is a deliberate vagueness about the term “suitable” (shìhè 适合) and a lack of clear criteria used by the government to determine what administrative functions SOs are permitted to undertake. In an effort to standardize the transfer of functions and limit variance across China’s 31 provinces, the State Council held two national teleconferences and approximately 45 executive meetings between March 2013 and July 2015, but the question of what constitutes a suitable function remains unresolved.⁸ The question of suitability relates to the “limits of the permissible” framework used by Rachel Stern and Kevin O’Brien to analyse the ambivalence of the state toward civil society, and the mixed signals given by powerholders in China as to what level of transgression they are willing to tolerate.⁹

The transfer of authority to SOs in China can be understood according to the logic of procedural decentralization, where governments seek to improve efficiencies in public service delivery by lifting policy constraints and strengthening fiscal responsibility. Since 2013 SOs in

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⁸ We reviewed every meeting held by the State Council from 2013 to 2015, as posted on the official website: [http://www.gov.cn/guowuyuan/2014-03/14/content_2638989.htm](http://www.gov.cn/guowuyuan/2014-03/14/content_2638989.htm) Accessed 20 August 2015.
⁹ Stern and O’Brien 2012, 175.
China have been entitled to new financial subsidies and incentives designed to improve their operational capacity and accountability when performing administrative functions, and this includes taking government procurement of public services as an indirect form of government subsidy. In Guangdong the Affiliated Authorities System (guakao danwei 挂靠单位) has been replaced with a new Guided Authorities System (yewuzhidao danwei 业务指导单位) that eases restrictions on SOs, simplifies registration procedures and permits the transfer of "substantive functions" (shizhixing 实质性职能) that should, in theory, empower SOs by increasing their autonomy and decision-making capacity. The reforms in Guangdong should be framed in the context of a longstanding interventionist tradition in China, however, where government officials play the role of financial patron and have a tendency to intervene in the day-to-day operations of SOs.

SOs operating in China can be compared on the basis of their material power (resources) as well their "symbolic, interpretive and geographical powers." The primary task for Chinese SOs is to secure a steady supply of financial and political resources to survive, and SO personnel have developed repertoires of competency in negotiating government bureaucracy, building highly personalized alliances with state agencies and extracting state resources. In the 1990s the government committed to reducing the range of services and functions that it provides by outsourcing services to SOs while at the same time preventing SOs from freely articulating their interests, evolving into para-state entities or outgrowing their dependence on state patronage. At present the government seems to lack the capacity to deliver public services at a time when demand for services is increasing because of demographic pressures (ageing population), domestic immigration, urban poverty (and inequality), and environmental stress factors.

Chinese scholars with an interest in public administration tend to focus on the structural power of the state, for example mapping various state control strategies and dividing SOs into legible categories such as politically antagonistic organizations, trade unions and community organizations, religious organizations, business and commercial associations, and non-governmental organizations. For example, Ronghua Shen argues that the transfer of authority

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11 Hildebrandt 2011, 984.
12 Hasmath and Hsu 2014a, 950.
13 Hsu and Yuzhou 2015, 110.
14 Saich 2000, 127.
15 Jing 2015, 592.
16 Kang and Han 2008.
to SOs is designed to reduce the overall amount of administrative functions without weakening or undermining the state.\textsuperscript{17} In other words, reform will lead to a smaller and more efficient government based on transfers of managerial and evaluative functions, or what Xin Yang refers to as service functions, which are subsidiary and non-executive, and therefore well within the limits of the permissible.\textsuperscript{18} This line of analysis points to the likelihood of the CCP achieving good governance without democratization.

Based on their findings from Guangdong, Tianxiang Chen and Qianting Li regard the transfer of authority to SOs as a double dividend, enhancing government legitimacy while rationalizing the local system of administrative examinations and approvals.\textsuperscript{19} After reviewing official government websites, they found that from 1994 to 2014 the State Council transferred 121 administrative functions to SOs, Guangdong province transferred 232 functions, Foshan city transferred 71 functions, and the Nanhai district government transferred 27 functions. The administrative functions tabulated by Chen and Li relate to the examination and approval of permits for property development and other business and social activities that have been transferred from government departments to authorized SOs. They conclude that SOs are playing an important role in economic and social development but that the current reform policy needs to be further liberalized to ensure that SOs have the freedom to innovate.

In a similar study, Nandiyang Zhang found that the Shunde district government is actively collaborating with SOs, although SOs are struggling to assume control over a wide range of newly devolved administrative functions.\textsuperscript{20} Qingjie Huang argues that administrative reform and the transfer of authority to SOs in China means reducing the number and range of government functions in order to redraw the boundaries between state, market and society.\textsuperscript{21} There must be an adjustment in the government’s organizational structure (decentralization) in order to enhance the quality of governance, to maintain high levels of economic growth and provide life-enhancing outcomes for the public. Our research combines a review of official documents with fieldwork in Guangdong in order to analyse the transfer of authority to SOs according to the policy choices made by government officials who are responsible for the design and implementation of reforms, as well as the responses to these changes from recipient SOs.

\begin{itemize}
\item \textsuperscript{17} Shen 1994.
\item \textsuperscript{18} Yang 2008.
\item \textsuperscript{19} Chen and Li 2015.
\item \textsuperscript{20} Zhang 2015.
\item \textsuperscript{21} Huang 2003.
\end{itemize}
**Methodology**

Guangdong, a rich and highly industrialized coastal province in southeast China where the Pearl River Delta is located, is one of the first provinces to transfer authority to SOs. Guangdong has long featured in debates about central-provincial power relations in China, and the province has secured increasingly flexible arrangements for the implementation of central policies as well as greater discretionary control over local investment and financial planning. Part of the CCP’s risk management strategy has been to allow small-scale reform experiments to take place in select locations throughout the country, although Guangdong is considered an extreme case of large-scale political reform. Guangdong is a relative outlier because of the high degree of social innovation that has occurred in the province and because of the strong factional relationship between the provincial Party secretary and the general secretary. Under the leadership of Party secretary Wang Yang (2007–2012), who enjoyed close relations with general secretary Hu Jintao, Guangdong became well known for the reform and liberalization of local government decision-making procedures, resulting in more meaningful engagement with local constituents and greater public scrutiny of policy decisions. The current Party secretary, Hu Chunhua, continues to support the reforms initiated by his predecessor and has ambitions for Guangdong to be at the forefront of political and administrative innovations in China.

Since 2011 the provincial government has expanded the range of administrative functions that SOs are allowed to undertake, and is now streamlining the procedures for registering and monitoring SOs. Taking Shenzhen as an example, the city has witnessed a blossoming of SOs, with as many as 7,000 new organizations registered since 2013. Guangdong is also one of the first provinces in China to allow government procurement of public services from SOs. A Social Work Conference took place in Guangdong ahead of the Third Plenary Session of 18th CCP Central Committee in 2013, and so, to an extent, the provincial reforms allowing the procurement of services from SOs were adopted by the central government and soon became national policy. From the data we gathered, the Shunde district government has transferred at

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22 Li 1997, 786.
23 Tsai and Dean 2014, 341.
25 See for example the government of Guangdong’s Program for Transferring Functions from Government to Society (zhengfu xiang shehui zhuanyi zhineng gongzuo fang'an) published on 6 November 2012.
26 Interview with the Commission Office of Public Sector Reform, Shenzhen, 3 August 2015.
least 90 administrative functions to SOs since 2013, and Guangdong province now has the largest number of SOs in China, with over 42,000 active SOs in the province as of September 2013. In terms of comparability, Shenzhen is a city with sub-provincial status while Shunde has municipal autonomy even though it is one of five districts within Foshan city. In fact, the Shunde district government has the same level of authority as the Foshan municipal government. The governments in both Shenzhen and Shunde have been granted special rights to experiment with reforms (xianxingxianshi 先行先试) in order to create a new model of collaborative governance that, if successful, is expected to be reproduced throughout China.

In order to understand the practicalities of the current reforms in local settings, we interviewed SO representatives in Guangdong and established a profile of SOs in Shenzhen and Shunde that includes their leadership, membership and core activities. Government officials in Shenzhen and Shunde provided us with a list of locally registered SOs that have new power sharing arrangements with government departments that enable them to undertake a range of new administrative functions. These SOs are legally registered by the Civil Affairs Department or have the freedom of exemption of registration approved by the State Council. In order to understand the practicalities of the current reforms in local settings, we interviewed SO representatives in Guangdong and established a profile of SOs in Shenzhen and Shunde that includes their leadership, membership and core activities. Government officials in Shenzhen and Shunde provided us with a list of locally registered SOs that have new power sharing arrangements with government departments that enable them to undertake a range of new administrative functions. These SOs are legally registered by the Civil Affairs Department or have the freedom of exemption of registration approved by the State Council. We analyse and compare these SOs according to their leadership profiles, whether leaders have a government background or strong government connections, the resources they possess, and their professionalism (real or reputational), and question the extent to which these factors influence the number of new “suitable” functions that SOs are permitted to undertake.

The SO representatives we interviewed were given approval by the government, meaning that we only sampled representatives from “legal” SOs that are officially registered (and are more likely to be trusted) by the government. Only registered SOs are eligible to undertake administrative functions as stipulated by government policy. As Timothy Hildebrandt points out, there are strong incentives for SOs to seek registration, which, contrary to expectations, may afford SOs greater independence to operate in their specific fields and sectors. Our sample excludes the large number of unregistered SOs that are active in cities such as Beijing, Shenzhen and Shanghai.

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27 Guidelines for the registration of SOs can be found in the Notice of the General Office of the Guangdong Government on Issuing the Interim Measures for Implementing Government Procurement of Public Services from Social Organizations (Guangdongsheng renmin zhengfu bangongting guanyu yinfa zhengfu xiang shehui liliang gousuai fuwu zanxing banfa de tongzhi) published in 2014.

28 Hildebrandt 2011, 974.

29 Unregistered SOs, formally called “unincorporated entities” (fei farenhua zuzhi), are found throughout China. According to a survey by Wu 2008, at least 60% of the SOs operating in Shanghai are unregistered.
Implementing the Transfer of Authority to SOs

Since the seventh round of administrative reforms in March 2013, an increasing number and range of administrative functions have been transferred to legally registered SOs throughout China. By analysing the role of the local state and the strategies of state engagement one can uncover the factors that shape the development and effectiveness of SOs in specific local settings in China. In this subsection we outline the specific features of SOs in Guangdong that are on the receiving end of administrative transfers, as well as the actual functions that SOs are required to take on, while appreciating the reactions of leaders and members of local SOs to the changes that are taking place. We question the extent to which the “limits of the permissible” are changing in provincial China by profiling five types of SOs in Guangdong. We find that government connections continue to be important for SOs that are competing for public service contracts, and that the new power sharing arrangements under the framework set up by the State Council do not directly undermine government control.

SOs currently operating in Guangdong are facing tight competition for resources. Political resources (capital, connections) are the priority for SOs because of the size and strength of the government in China, the degree of government control over all types of resources, and the government’s power to shape the administrative reform process, which includes the power to decide which SOs are required to undertake administrative functions, what functions they are contracted to undertake, and how and when they are undertaken. In effect, the government is attempting to devolve public services and responsibilities to SOs while keeping them within arm’s length. During our field research we found the leadership of SOs to be an important factor influencing the ability of SOs to secure resources and government contracts.

Each of the SOs featured in our article are organizationally different. The Shenzhen General Chamber of Commerce (SGCC) was founded in 2005 and has a large and diverse municipal membership of 1,700 as well as 50 permanent staff with strong political connections. For example, the leader of the SGCC is a former deputy secretary of the Shenzhen Municipal Committee with many years of experience in government departments. He plays a key role in cooperating with government officials and securing resources to allow the SGCC to take control of at least 30 new administrative functions and government procurement programs that were previously administered by the Shenzhen Civil Affairs Bureau, the Shenzhen Bureau of Personnel and the Shenzhen Economic and Trade Committee. The Shunde Property

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30 Hsu and Hasmath 2014b, 521.
31 Stern and O’Brien 2012, 175.
32 Interviews with SOs, Shenzhen, 4 August 2015.
Management Association (SPMA), founded in 2002, and Shunde Human Resources Association (SHRA), founded in 2008, are district trade associations (hangye xiehui 行业协会) with large memberships (over 100) and operating budgets. Both are currently working to improve the transparency of the property management bidding process as well as the evaluation of professional qualifications, among other things. The Shenzhen Mangrove Wetland Conservation Foundation (SMWCF), a small non-profit organization (cishan zuzhi 慈善组织) with approximately 20 staff and an influential advisory committee, was established in 2012 in order to meet growing public demands for urban environmental protection. The district-level Huixian Public Service Promotion Centre (HPSPC) was founded in 2014 and operates on a small scale, with only four permanent staff carrying out evaluations and assessments of SO performance. The Shunde Social Innovation Centre (SSIC), established in 2012, is a large district statutory agency (fading jigou 法定机构) with four commissions and six departments assigned to promote social innovation, broadly defined, with considerable resources at their disposal. The leaders of the HPSPC and the SSIC have no formal background in government but maintain strong governmental links. The current head of the HPSPC once served as chairman of the Shenzhen Enterprise Evaluation Association, and this role brought him closer to influential figures such as the former deputy mayor of Shenzhen. The head of the SSIC has a rather unique background, being a trained journalist who is far removed from formal politics, although he works closely with (and is closely monitored by) the deputy director of the Shunde District Social Work Committee, a government unit responsible for the management and supervision of SOs. In the following subsections we compare and contrast the transfers of authority to each of these SOs.

Shenzhen General Chamber of Commerce

The membership of the powerful SGCC includes large enterprises whose annual trade exceeds 100 million yuan (such as Vanke, Tencent and ZET), large and medium enterprises with trade under 100 million yuan, and a range of small and medium enterprises (SMEs) that operate and provide services in Shenzhen.33 These three types of membership provide a strong financial base and allow the SGCC to undertake cooperative projects with minimal government interference. One major undertaking for the SGCC is the collection and analysis of data concerning the operations and productivity of some 6,000 SMEs in Shenzhen, which then

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33 Vanke is a leading real-estate company in China. Tencent is a leading private IT enterprise in China. ZET is a global technology company specializing in telecoms.
informs the decisions and actions taken by the Ministry of Industry and Information Technology (MIIT) in Beijing.³⁴ Examples of local cooperative projects led by the SGCC include the Shenzhen “1+15” SME program, and the prestigious Shenzhen Forum of the Conference on International Exchanges of Professionals (CIEP). The 1+15 program was commissioned by the MIIT and the Shenzhen Economic and Trade Committee in order to construct 1 core platform that combines 15 types of industry.³⁵

The Shenzhen Forum of the CIEP was initially co-organized by the State Administration of Foreign Experts Affairs and local governments. In 2007, after an extensive review of operations, the organizing committee of the CIEP approved the SGCC as a joint-undertaker, in recognition of the Chamber’s power, influence and reputation. Under the theme “talent to create value” the SGCC has successfully run the Shenzhen Form since 2007, inviting business leaders, scholars and celebrities from home and abroad to participate in economic and social development planning and networking.³⁶ The SGCC is responsible for issuing certificates for foreign experts who are included in the Thousand Foreign Experts Plan (qianren jihua 千人计划) and for publishing the results of an award called The Charm of China: The Most Attractive Cities in the Eyes of Foreign Talents (meili zhongguo: waijiren yanzhong zuiju xiyinli de chengshi 魅力中国：外籍人眼中最具吸引力的城市). According to Jianjun Zhang’s formulation, SOs can only be considered autonomous if they are founded, funded and governed mainly by societal actors, and represent the interests of their constituents.³⁷ By these criteria the SGCC enjoys a high level of autonomy, although it is difficult to distinguish between the interests of the SGCC and the government. The leader of the SGCC comes from a government background and SGCC members enjoy strong government connections, they are well resourced and have a strong professional reputation, and are thus able to undertake a wide range of administrative functions without directly threatening CCP rule.

Shenzhen Mangrove Wetland Conservation Foundation

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³⁴ Interview with members of the SGCC, Shenzhen, 4 August 2015.
³⁵ The 1+15 platform combines emerging industries such as electronics and light emitting diodes (LEDs) with established manufacturing industries and modern service industries that include finance and logistics, positioning Guangdong as a direct and viable competitor with Hong Kong, Macao and Taiwan.
³⁶ Influential guests have given speeches at the Shenzhen Forum, including Zhang Dejiang, a high-ranking official in the Politburo Standing Committee of the CCP, and Li Zhaoxing, a senior Chinese diplomat and politician who served as foreign minister from 2003 to 2007.
³⁷ Zhang 2007, 211.
The ability of SOs to self-regulate and manage their own affairs is a contentious issue. The government is uncertain as to how much autonomy should be granted to SOs, and while the debate goes on, non-profit SOs such as the Shenzhen Mangrove Wetland Conservation Foundation (SMWCF) are not sitting idly by and waiting for instructions. Indeed, some SOs are proactively developing what they hope will be more responsive and effective management and public service delivery systems, and are engaging directly with their constituencies and epistemic communities. The SMWCF is the only hybrid public-private environmental protection agency of its kind in Guangdong, with an operating budget of approximately 7.2 million yuan and with influential members such as Wang Shi, the chairman of Vanke, and Ma Weihua, the former president of the Merchants Bank of China. In an effort to strengthen the SMWCF’s position a network is being established with the Chinese Society of Entrepreneurs and Ecology (SEE) Conservation Group (alashan shengtaixiehui 阿拉善生态协会) as well as global organizations such as the World Wildlife Foundation. 38 Based on the level of membership fees and private donations received annually, financing is not a major problem and the SMWCF hopes to continue to undertake socially responsible, autonomous activities in the public interest without being unduly burdened by the need for state patronage or the forging of political alliances.

SMWCF staff are expanding the scope of their activities by securing new government contracts for cooperative projects and service provision, and they are continuing to lobby for more autonomy to perform their administrative functions. For example, in 2015 the SMWCF organized volunteers to collect rubbish from the beach in a cooperative sustainability project called “protect the shoreline” (baowei haianxian 保卫海岸线). During the project a shortage of dustbins was identified, and some volunteers from local enterprises offered to provide new bins free of charge, on condition that they be allowed to put their company logos on the bins for publicity. The SMWCF agreed to these terms but was overruled by the Urban Management Bureau and the initiative was blocked. 39 In 2014 the Shenzhen government approved a cooperative project with the SMWCF to manage the Fu Tien Nature Reserve, which includes plans for a new ecological park and educational facilities that are modelled on Hong Kong’s world conservation fund management structure, which is more in line with SO expectations for greater operational autonomy.

38 Interview with the head of the SMWCF, Shenzhen, 4 August 2015.
39 Interview with SMWCF members, Shenzhen, 4 August 2015.
The SMWCF is unique because it is the only SO in our sample that undertakes government functions on a non-profit basis. The elected leader is well-connected, being a member of the Shenzhen People’s Political Consultative Conference as well as the SEE Conservation Group, China’s largest domestic environmental protection agency. The financial situation for non-profits such as the SMWCF can be precarious, although the SMWCF raises funds from a wide variety of sources and enjoys high levels of support from local constituents. Moreover, the CCP stands to benefit by using SMWCF projects as evidence of its commitment to sustainability, green growth and collaborative governance.

Shunde Property Management Association
The degree of professionalism, industry-specific skills and experience demonstrated by SOs are key factors that inform the government’s decision to transfer authority to SOs. For example, in response to demands from property management enterprises for a better class of administrators (those with professional knowledge and experience in the industry), as well as the desire of local governments for standardized operations within the property management industry, the Shunde district government created a new collaborative partnership with the Shunde Property Management Association (SPMA) in 2014. The decision to procure services from the SPMA was based on the association’s track record in property management, specifically the ability to regulate the property management bidding process, to conduct industry training and uphold standards, and to deal with every single item in the Property Management Enterprise Integrity Management Manual. To operate in this sector requires high levels of professionalism, for example overseeing the scoring and rating system for property management enterprises. The SPMA built an impressive “integrity management platform” (chengxin guanli pingtai 诚信管理平台) that provides advisory services to property management enterprises and allows for the timely reporting of illegal or corrupt activities to government bureaus. One of the main responsibilities of the SPMA is the evaluation of credit ratings for enterprises. In 2014 the SPMA organized a training course to help enterprises learn more about property management regulations and dispute resolution processes in China, and in 2015 organized a training program focusing on the rules for identifying dangerous premises, as well as safety management and risk assessment standards.

41 Interview with the District Secretary, Shunde, 6 August 2015.  
42 Interviews with SPMA personnel, Shunde, 5 August 2015.
The elected leader of the SPMA is a well-known local entrepreneur in real estate and property management, and the activities of the SPMA reinforce the CCP’s commitment to sustainable urbanization and city planning. In this context, the SPMA has interpreted the “right” of SOs to self-regulation quite broadly, and has taken charge of the creation and management of regulatory guidelines, the conducting of annual inspections and quality reviews, and the implementation of sector or industry specific self-disciplinary covenants. Despite the breadth and depth of functions now being carried out, some SPMA personnel argue that the transfer of authority has actually led to greater government control: “the property management industry is becoming more rigid, with a growing number of documents that need to be signed by government. So for us, the real transfer is not from government to society, but rather from society to the government.”

Shunde Human Resources Association
A number of SOs in Guangdong are entrusted with the task of evaluating professional qualifications, doing research and collecting data, and making public announcements and attending hearings, all of which are time consuming and resource intensive. As such, the government has decided to transfer a wide range of auxiliary functions to SOs while remaining the primary arbiter, with control over final decision-making. In this context we found that the Shunde Human Resources Association (SHRA) has assumed responsibility for the assessment of professional titles in the district. This administrative function requires the SHRA to review the titles for engineers and all other professionals (with the exception of doctors and accountants), release notices about any changes to criteria, collect and examine evidence, offer consultation, and respond to queries. If the assessment of a professional title requires a test, the SHRA is responsible for selecting the venue and enlisting the support of supervisors. For the SHRA to remain a viable and legitimate partner capable of performing administrative functions and delivering services on behalf of the government, it must acquire a sufficient number of contracts and maintain a steady workload, which depends to a large extent on the competency and connections of the head of the SHRA in negotiating with government organs and forging personalized alliances based on trust or connivance with government officials.

43 Interview with the head of the SPMA, Shunde, 5 August 2015.
44 Interview with SPMA personnel, Shunde, 5 August 2015.
45 In China, professional titles are officially ranked by administrators according to levels of knowledge, proficiency and work achievement.
46 Hsu 2010, 269.
The head of the SHRA is a well-known, well-qualified and well-connected individual. He has a PhD in economics, works part-time as an associate professor at Jiangxi Normal University, and is a member of the Shunde District Chinese People’s Political Consultative Conference as well as the Shunde District Human Resources Consulting Committee, which gives the SHRA considerable political access. The head of the SHRA played down his own role as the leader and key source of patronage for the SHRA, stating: “we have rich and professional experience in the human resources field, such as organizing talent exchange conferences and enterprise training, and providing consultation services. After a long and detailed review, the Human Resources and Social Security Bureau [of the Shunde government] eventually appointed us to undertake some administrative functions and cooperative projects such as the organizing of large-scale recruitment conferences and the training of employees.”

When asked why the government transferred authority to the SHRA, an official from the Civil Affairs Bureau stated that “human resources is a relatively professional field, and the decisive factor for selecting this association [the SHRA] was its professionalism and credibility in this area after so many years of development.” The head of the SHRA added that “we usually get involved in these activities in the role of service provider, we don’t really think we have taken up any position of power or authority.” The SHRA is able to take on new administrative functions and expand its role as a trade association SO because of its professionalism and reputation, as well as the positive external environment for human resource management that exists in China today.

In this subsection we found that the profiles and roles of leaders, the acquisition of contracts and government procurement, and the degrees of professionalism and specialization of SOs dictate the number and range of administrative functions that SOs undertake. We discovered that subtle shifts in power sharing arrangements are taking place in Guangdong, although in most cases the government is strategically positioned to take credit for SO successes and to lay blame when things go wrong. The official line is that the transfer of authority to SOs is designed to reduce the burden on local governments and to improve state-society relations, with the expectation that SOs will benefit from experiential learning and deliver high quality services. At the same time, the government is wary about granting too much autonomy to SOs, which casts doubt on the ability of SOs to become a major force for social and political change in China. Indeed, the transfer of functions to SOs may only serve to

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47 Interview with the head of the SHRA, Shunde, 6 August 2015.
48 Interview with the Civil Affairs Bureau, Shunde, 6 August 2015.
49 Interview with the head of the SHRA, Shunde, 5 August 2015.
reinforce the strength and legitimacy of the CCP, designed as part of a wider CCP strategy to ensure its political longevity.

The Trouble with Administrative Transfers

The administrative reforms implemented since 2013 have led to some innovations and have created new spaces for SOs to operate and engage with the government and the general public. In what might be called a hybrid collaborative provision model, SOs are now assuming contractual responsibility for a range of services such as legal aid, community affairs training, property management audits, and the promotion cultural activities. The results are mixed, and find that the transfer of authority to SOs is based on the general assumption that SOs will play a supportive, subsidiary role, administering and implementing programs with truncated decision-making and executive powers. Yijia Jing makes a compelling argument about the declining ability of the government to control SOs and other civic associations in China, leading to an increasingly complex system of political transactions, bargains and exchanges.50

Premier Li Keqiang has recently gone so far as to accuse some SOs of neglecting their core duties and engaging in excessive profiteering and bribery, using the disparaging term “second government” (er zhenggu 二政府) in reference to this type of SO.51

The government is under pressure to monitor and evaluate SOs in order to reduce the risk of malpractice and corruption, which requires expert assistance in the form of evaluation organizations (pinggu xiehui 评估协会). Shenzhen is one of the first cities in China to replace the “dual administration” system (shuangchong guanli 双重管理) with a streamlined system that simplifies registration procedures and allows for the proliferation of evaluation organizations.52 The Huixian Public Service Promotion Centre (HPSPC) is a new evaluation organization with only four permanent staff. Despite its small size, the HPSPC is responsible for a range of important functions such as assessing SO projects and attempting to measure the socio-economic consequences of the transfer of authority to SOs, including any risks to the public. We were told that the HPSPC has been given responsibility for major evaluations such

50 Jing 2015, 590.
51 Guo 2015. The er zhenggu phenomenon was first reported during the Qing Dynasty, when citizens were caught trying to impersonate government officials in order to elicit bribes.
52 Yu and Zhou 2013, 401 found that the dual administration system in Wenzhou involved a high level of supervision and inspection designed to prevent joint liability between government or business units and SOs. We believe that the dual system described by Yu and Zhou 2013 is based on interventions in the affairs of SOs under the Professional Guidance Bureau System (guikou 归口管理) and the Affiliated Authorities System (guakao danwei 挂靠单位).
as the local impact of the 13th Five Year Plan (2016–2020) on women’s development (Guangdong funv fazhan guihua 广东妇女发展规划) and children’s development (Guangdong ertong fazhan guihua 广东儿童发展规划), but the current HPSPC head laments the lack of resources available for his SO: “we started with three university postgraduates working here, but now just one remains because we cannot afford [to retain them]. There are not enough opportunities for promotion, and more importantly, we cannot provide attractive salaries.”53 The HPSPC has been forced to change its structure, function and business model in order to remain viable. The HPSPC started out as a local think tank, but in order to survive it had to evolve, and is now engaged in evaluation projects rather than providing policy recommendations and decision-making consultation as stated in the HPSPC’s association charter.

In 2014 the HPSPC undertook a project from the Longgang district government to evaluate cooperative projects between the government and SOs. During the evaluation the HPSPC discovered that some of the cooperative projects involving SOs were failing to meet their contractual obligations. For example, a non-profit and professional project that aimed to produce a high-quality textbook for hearing and visually impaired children received 60,000 yuan in government subsidies. The project applicant, with many years of experience in disability education, invited other professional teachers and experts to participate in the project. After exceeding the planned budget the SO required an additional 90,000 yuan to complete the project but the SO failed to raise the extra money and the experts did not complete their tasks. The final version of the textbook was substandard, prompting the HPSPC to conclude that “even though we found that the SO could not meet its target, the government department has no legal or efficient way to cancel its contract, so they can blacklist the SO after this project but the losses have already been caused and cannot be recouped.”54 The damages in this case are financial as well as reputational.

The growing demand for regulation and oversight creates a new burden for governments because of the irregularities in dealing with some SOs. We were told that cooperation between the government and SOs is highly problematic, and that district-level officials are overwhelmed and confounded by the volume of applications for new projects and initiatives from SOs,

53 Interview with the head of the HPSPC, Shenzhen, 4 August 2015. Examples of development issues for women in the 13th Five Year Plan are access to employment opportunities and enhanced political participation, while issues concerning children include healthcare, education and guidelines for home schooling.
54 Interview with the head of the HPSPC, Shenzhen, 4 August 2015.
leading to frank admissions that the government “is not sure what to do, or how to determine which projects should be approved.” In response, the Shunde district government has established a new type of SO called a statutory agency. Statutory agencies are to be regulated by a set of specific rules in an effort to avoid the uncertainties that are common in SOs, although this arguably defeats the purpose of the transfer of authority to SOs as originally intended in the 2013 reforms. The expectation in Shunde is that statutory agencies will gradually evolve and become self-sufficient, no longer requiring rigid oversight or excessive financial subsidies. These expectations are based on a comparative study by the Shunde government that included an investigation of policies and experiences in Hong Kong, Singapore and Taiwan, leading to the conclusion that a new type of statutory agency is a viable option and should be established alongside existing SOs.

Statutory agencies in China represent the latest manifestation of an administrative reform policy that allows for the proliferation of SOs. They are designed to operate with greater diversity and in a more flexible (less bureaucratic) manner than government departments and even some SOs. The first five statutory agencies were established in 2012-2013 in response to the new round of administrative reforms introduced by the Central Committee of the CCP. These are the Social Innovation Centre, the Culture and Art Development Centre, the Talent Development Centre, the Urban Renewal Centre, and the Industrial Innovation Centre. Our research focuses on the local Shunde Social Innovation Centre (SSIC) that was established by the Shunde District People’s Congress on 20 August 2012. The SSIC started by setting up an executive decision-making board consisting of lawyers, accountants, public officials, experts, and entrepreneurs. As a rule, the number of government personnel working for a statutory agency must not exceed one-third of the total personnel. In general terms, the SSIC is responsible for promoting, popularising and facilitating “social innovation” (shehui chuangxin) in the district. The official goal is to encourage knowledge sharing and social entrepreneurialism in an atmosphere of freedom, creativity and innovation.

Ye Chujun, the current head of the SSIC, is a journalist by trade who graduated from Peking University and has no experience working for government. Though unconfirmed, it is likely that his appointment is the result of his reputation for social innovation in southern China, for example his successful organization of a municipal-level charity contest in the Pearl River Delta in 2012. The current head is appointed by the government but his successors will be

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55 Interview with HPSPC personnel, Shenzhen, 4 August 2015.
56 Interview with government officials, Shunde, 6 August 2015.
directly elected by members. The SSIC has a deputy director from the Shunde District Committee, providing some government oversight and ensuring that the popular head of the SSCI is kept in check. Working alongside the executive board, there is a finance and personnel committee, a community development committee, a process innovation committee, and a supervisory committee. The SSIC’s financial model allows for government procurement of public services, which currently accounts for up to 70 per cent of all funds, with the remainder coming from consultancy fees charged for industrial management and from private fundraising. The SSIC invested some 17 million yuan in district cultural activities in 2014, with only 7 million yuan coming from government procurement and the rest being funded by private contributions. The long-term plan is for government subsidies to decrease year on year and for statutory agencies to become increasingly self-sufficient and autonomous.

As a result of the transfer of authority the SSIC is now active in the promotion of reforms with the aim of improving governance and public service delivery. The SSIC is regarded as a local SO “incubator” (fuhuaqi 孵化器) that can independently allocate government and non-government funds (with full disclosure), provide specialized guidance and legal advice, as well as capacity training and supervision for other SOs. As of August 2015, the SSIC launched a number of social innovative activities and events including the Public Figure / Organization of the Year awards, the Social Innovation Charity Night, the Public Innovation Competition, the Social Innovation Alliance, and the Shunde Business Care Plan. Despite these apparent successes, the future of statutory agencies remains uncertain. The regulations governing the SSIC were formulated by the Shunde District People’s Congress which does not have legislative power in China, raising questions about the legality of the SSIC. According to a government official in Shunde, supporters of statutory agencies are taking risks and pushing legal boundaries, sometimes referred to as “playing line balls” (cabianqiu 擦边球) in China.

It appears therefore that the limits of the permissible are still highly ambiguous in China, where subtle shifts in power, competition and changing perceptions of risk lead to new government priorities, keeping SOs guessing as to which functions are “suitable” for them to undertake.

It is too early to tell if statutory agencies are the way forward. Our preliminary findings from Shunde suggest that statutory agencies are subject to criticism on at least two fronts. First, a number of established SOs consider the current situation to be unjust, arguing that there is a

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58 Interview with government officials, Shunde, 6 August 2015.
59 Interview with SSCI personnel, Shunde, 5 August 2015.
60 Interview in the head of the SSCI, Shunde, 5 August 2015.
61 Interview with government officials, Shunde, 6 August 2015.
lack of transparency surrounding statutory agencies and questioning the basis upon which statutory agencies are attempting to take control of administrative functions that have been designated for SOs before the expiration of the contracts between SOs and the government. Second, there are concerns that statutory agencies lack legitimacy and that their very existence is counterproductive. Specifically, statutory agencies such as the SSIC have been established by regulations from local authorities acting without proper legislative power, adding a degree of regulatory uncertainty at a time when the government is struggling to raise the standard of governance and improve public services for an increasingly restless and demanding population.

Conclusion
The consultative authoritarian model proposed by Jessica Teets should, in theory, allow for the “expansion of relatively autonomous groups and the development of indirect state control mechanisms.” Unlike Teets, who focuses on the politics of China’s increasingly pluralistic and participatory society, we are studying the emergence of a plurality of new SOs that are undertaking administrative functions and delivering public services at an unprecedented rate in coastal provinces such as Guangdong. The government prefers to keep SOs within arm’s length and remains wary about granting too much autonomy to SOs, which creates uncertainty and impacts on the ability of SOs to perform their newfound functions. Meanwhile, local authorities in Shenzhen and Shunde are entrusting SOs with important but largely clerical, tangential tasks such as the collection and evaluation of information data and statistics, the provision of personnel training, and the reviewing of professional grades and qualifications.

What is the real motive for administrative reform and the contractual transfer of authority to SOs? According to official reports the Central Committee of the CCP intends to improve governance and public service provision by streamlining administration and delegating power (jianzheng fangquan 简政放权). The government appears to be responding to criticism from Chinese academics, policy analysts and the public that it has continuously overstepped the boundary, claiming responsibility for too many functions and encroaching on private affairs. By expanding the role of government in all sectors, public service provision has suffered and there have been inefficiencies and inadequacies in quality control, creating an opportunity for SOs to use their specialist skills and professionalism to improve service delivery and operate more effectively. The logical imperative for administrative rollback, decentralization and the

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62 Interview with SO members, Shunde, 6 August 2015.
63 Teets 2013, 32. Emphasis in original.
transfer of authority to SOs has been widely accepted in China, but there are risks and rejoinders about the government’s reforms, with some indications that the transfer of authority causes more harm than good. The provincial government in Guangdong has made some innovations in public administration but has been highly selective when it comes to the actual functions and responsibilities that are allocated to SOs. Political considerations and strategies will continue to influence government decisions as to which functions are deemed “suitable” (shihe 适合) for local SOs to undertake, how much oversight is required, and what the appropriate balance of power between state, market and society will likely be at the end of the seventh round of administrative reforms in China.

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