

**Government Contracting of Services to NGOs:
An Analysis of Gradual Institutional Change and Political Control in China**

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Abstract

This thesis seeks to explain the evolution of non-state welfare provision in the People's Republic of China under Xi Jinping and his recent predecessors. In particular, it examines the emergence, spread and institutionalization of a policy of government contracting services to non-governmental organizational (NGOs) and related political dynamics at the national, local, and state-NGO interaction levels. This thesis makes several theoretical claims regarding the causes and process of institutional change and the political implications of these transformations. I contend that decentralization, international influences, and authoritarian consolidation have combined to produce gradual institutional change characterized by processes of layering, conversion, and drift. These incremental changes have led to local institutional frameworks and practices of government contracting that remain incomplete and beset by unequal power dynamics between party-state and NGO actors. Notwithstanding the intent to increase the supply of services and promote state-NGO collaboration at local levels, purchase-of-service contracting policies are inseparable from strategies of political control, consent making, and governing techniques deployed by the ruling party-state. This dissertation reveals the presence of informal rules and power relations between purchasers and regulators (local governments) and service providers (NGOs) behind the façade of increasingly institutionalized state-NGO partnerships and of market-based standardized bidding competition processes. In this context, NGOs have adopted mitigating and adaptive strategies in order to cope with new opportunities and constraints. This thesis draws on interviews with NGO leaders and subject matter experts conducted during fieldwork in Shanghai, Beijing and Nanjing. It also leverages policy documents, media sources, and an extensive review of distinct bodies of scholarly literature.

Résumé

Cette thèse vise à expliquer l'évolution de la fourniture de services par des acteurs non étatiques en République populaire de Chine sous Xi Jinping et ses récents prédécesseurs. En particulier, cette thèse examine l'émergence, la propagation et l'institutionnalisation d'une politique de passation de contrats de sous-traitance avec des ONG et les dynamiques politiques qui y sont liées aux niveaux nationaux et locaux ainsi qu'au niveau des interactions entre l'État et les ONG. Cette thèse avance plusieurs arguments théoriques concernant les causes et la nature du changement institutionnel et les implications politiques de ces transformations. Nous soutenons que la décentralisation, les influences internationales et la consolidation autoritaire se sont combinées pour produire un changement institutionnel graduel caractérisé par des processus de superposition, de conversion et de dérive. Ces changements ont donné lieu à la mise en place de cadres institutionnels locaux et de pratiques de passation de marchés gouvernementaux qui demeurent incomplets et marqués par des dynamiques de pouvoir inégales entre les acteurs du Parti-État et les ONG. En dépit de l'intention d'accroître l'offre de services et de promouvoir la collaboration entre l'État et les ONG au niveau local, la politique de la sous-traitance des services aux ONG et les approches de passation de marchés gouvernementaux sont indissociables des stratégies de contrôle politique et des techniques de construction du consentement déployées par le Parti-État. Cette dissertation révèle la présence de règles informelles et de relations de pouvoir entre les acheteurs et les régulateurs (les gouvernements locaux) et les fournisseurs de services (les ONG) derrière la façade de partenariats entre l'État et les ONG de plus en plus institutionnalisés et de processus d'appels d'offres normalisés et basés sur le marché. Dans ce contexte, les ONG ont adopté des stratégies d'atténuation et d'adaptation afin d'être plus à même de faire face à ces nouvelles opportunités et contraintes. Cette thèse s'appuie sur des entretiens avec des dirigeants d'ONG et des experts menés lors de recherches sur le terrain à Shanghai, Beijing et Nanjing. Elle s'appuie également sur des documents de politiques, des sources médiatiques et un examen approfondi de différents corpus de littérature savante.

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Abbreviations

ADB	Asian Development Bank
CCP	Chinese Communist Party
CSO	Civil society organization
GONGO	Government-organized nongovernmental organization
HI	Historical institutionalism
INGO	International nongovernmental organization
MCA	Ministry of Civil Affairs
MPS	Ministry of Public Security
NGO	Nongovernmental organization
NPI	Non-Profit Incubator (<i>Enpai</i>)
NPO	Non-profit organization
NSO	Non-profit support organization
NSP	Non-state provider
OECD	The Organisation for Economic Co-operation and Development
PRC	People's Republic of China
PSU	Professional supervisory unit
SARS	Severe acute respiratory syndrome

Chapter 1

Introduction

In the early 2010s, China adopted a new model of welfare provision based on an increasing reliance by the Chinese state at the local levels on non-governmental organizations (NGOs) through a policy of government contracting services. At least prior to the outbreak of the global Covid-19 pandemic, local officials and state agencies routinely contracted Chinese NGOs to take over the administration of community service centers and to provide services to various segments of the urban population, such as the elderly, youth, the disabled, the poor or rural migrants. NGOs have also increasingly acted as state consultants, providing expert advice to local officials, conducting research, helping implement administrative programs, and assisting local governments in drafting administrative and regulatory documents. Specialized NGOs also expanded their activities, including by conducting organizational assessments of other NGOs and project evaluation on behalf of government agencies, while nonprofit incubators played a key role in fostering competent service-oriented organizations. Along with their gradual institutionalization as service providers, another important aspect of the increased role of NGOs in China's welfare mix has been the broadening of their scope of operations—that is, those that are permissible and encouraged by the authorities. The purpose of this shift is complex; and official discourse has emphasized the role of NGOs in contributing to the national goals of building a so-called service-oriented state and improving social governance. Pioneered in major cities such as Shanghai and Guangzhou, the government purchase-of-service contracting model (*zhengfu goumai fuwu moshi*) became national policy in 2013. Under this new policy, the central government required that local governments purchase services from NGOs, in various policy

areas, and government funds for purchasing services from NGOs rapidly increased.¹ Moreover, this changing reliance by China's lower levels of government on NGOs for service provision was accompanied by major regulatory reforms governing China's third sector to make it seemingly easier for NGOs to register with the state and to promote welfare-oriented activities. This new contracting approach represents a significant change, potentially radical; some call it a "welfare revolution" (Lei and Chan 2018) while others note that it has contributed to new "NGO funding game" (Yi 2019). Under China's new welfare approach, the Chinese government has partly withdrawn from the direct provision of services and increased its reliance on NGOs to provide welfare and other services. This process has taken place amidst an important increase in the size and importance of China's nonprofit sector. According to the Ministry of Civil Affairs, by the end of 2017 there were 762,000 social organizations nationwide,² of which about 110,000 were involved in the provision of social services of various kinds.³ To compare, there were only 211,000 social organizations in 2001 (Leung and Xu 2015, 150–51). This change is significant in many ways: the involvement of NGOs in welfare regimes can bring added value not only from a functional perspective, through the mobilization of knowledge, skills, and resources, but also a participatory one, given that NGOs can also act as catalyst for wider social change and help mobilize society.

¹ For example, data from the Ministry of Civil Affairs shows that the government increased its funding for the purchase of social services from NGOs from 2.2 to 4.2 billion yuan during 2014-2016 (Lei and Cai 2018, 149). The provinces of Shanghai and Guangdong spent 1.22 billion yuan and 1.44 billion yuan, respectively, in 2016 for the contracting out of social services (Lei and Cai 2018, 152).

² In China, non-governmental organizations (NGOs) are often referred to as social organizations (*shehui zuzhi*). Chapter 2 provides a detailed overview of China's NGO sector and the conceptual differences among the various terms used in both the scholarly literature and China's public discourse.

³ See Ministry of Civil Affairs (2017).

Remarkably, the increasing reliance on NGOs and the development of the welfare contracting policy during the tenure of President Hu Jintao and premier Wen Jiabao (2003-2012) and mostly under Xi Jinping (since 2012) have taken place amidst a widespread crackdown on civil society, independent media, and liberal-minded academics, and during what observers and analysts have characterized as a hardening of authoritarianism in Xi Jinping's China (e.g., Economy 2018; S. Zhao 2016). After all, despite its opening to the world and market reforms after 1978, China remains a Leninist single-party authoritarian state under the control of the Chinese Communist Party, where political and civil rights heavily curtailed, political opposition not tolerated, and civil society subject to various strategies of political control (Mattingly 2019). Hence, in the context of China's authoritarian political economy, the increasing participation of NGOs in social welfare provision represents a significant (and puzzling) phenomenon of institutional change occurring at the intersection of social policy transformation, civil society development, and authoritarian governance.

1.1 Problem Statement

This dissertation seeks the answer the following overarching question: What explains the changing reliance by the Chinese state on non-state welfare providers (domestic NGOs) through government contracting of services? This, in turn, leads us to ask three related questions. Why the Chinese authoritarian party-state collaborate with non-state actors for the provision of public goods and social welfare and for the implementation of social policies? How has the process of institutional change taken place in China? What are the implications of the changing institutional and regulatory landscape that follow from the spread of contracting out on NGOs and state-NGO relations?

The evolution of social policy and the reliance on non-state welfare providers in an authoritarian single-party regime represent puzzling phenomena for several reasons. First, China has undergone significant changes in social policy, including the increase in the supply of social welfare through a reliance on NGOs, in the absence of regime change. Existing theories of social policy transformation—based on the experience of democracies—are insufficient to explain change in China. For instance, in East Asia major social policy reforms—more specifically, the expansion of the welfare state—took place following democratization (J. Wong 2004; Haggard and Kaufman 2008; Aspinall 2014). In fact, we still know little about the sources of authoritarian social policy. There exists an important and rich body of literature on social policy and welfare regimes in advanced industrial democracies (e.g., Esping-Andersen 1990; Pierson 1994; Lynch 2006; Castles et al. 2010), and more recent bodies of scholarship on the evolution of welfare regimes in East Asia (e.g., Goodman and White 1998; Holliday 2000; Haggard and Kaufman 2008; Hwang 2012) and developing countries (Gough and Wood 2004). While these bodies of literature emphasize the causal effect of regime change on social policy development, China's long-standing and seemingly durable authoritarian regime provides the institutional context in which social policy changes take place. Prevailing theories based on the experience of democracies or democratizing states are insufficient to explain the changes seen in authoritarian China. Although we still know little about processes of institutional change in authoritarian contexts (Slater 2010a; K. S. Tsai 2006), scholars have stressed the need to improve our understanding of the political and institutional dynamics driving social policy transformation in non-democracies (L. L. Tsai 2007; Mares and Carnes 2009; Cammett and Sasmaz 2016; Albertus, Fenner, and Slater 2018).

Second, recent scholarship shows that the political implications of non-state welfare provision are salient. Non-state welfare provision “is inherently political” (Allard 2014, 256). As implementers, partners and catalysts for social change, non-state welfare providers are important social policy actors (D. Lewis 2013). For instance, although in many contexts it is common to find service-oriented NGOs that focus on service provision while avoiding rights-based advocacy or political mobilization, recent research suggests that expansion of non-state welfare provision might have important political consequences for welfare outcomes, state capacity and state building processes, and the legitimacy of actors and governments (Cammatt and MacLean 2011; L. L. Tsai 2011; Cammett and MacLean 2014). The involvement of non-state actors in the provision of social welfare is viewed in the literature as an important phenomenon; some argue “that their integration into the infrastructure of contemporary welfare states is fundamental to the political organization of modern society” (Bode and Brandsen 2014, 1057). The politics of those dynamics of state-nonstate collaboration in the provision of public goods and services and the implementation of policies are, however, still poorly understood in authoritarian contexts, where issues of political control and challenges of authoritarian legitimation are especially prominent (Gerschewski 2013; Mattingly 2019).

1.2 Scholarly Context

This dissertation engages with the following bodies of research: 1) the role of NGOs, civil society, and the nature of state-society relations in China; 2) the study of non-state welfare provision; 3) the study of authoritarian governance; and 4) the study of incremental institutional change. First, the increasing reliance on non-state welfare providers (i.e., NGOs) by the Chinese state has taken place within the context of intense scholarly debates concerning China’s state-

society relations and civil society. Although scholars have recently proposed innovative perspectives on state-society relations, NGOs and civil society in China (Kang and Han 2008; Wu and Chan 2012; Teets 2013), the issue of China's state-led pluralization of the Chinese welfare mix has received little attention so far. Yet, in many contexts NGOs play a role in promoting public participation and often act as proponents for social change by influencing public policy and giving a voice to vulnerable groups (Evers 1995; D. Lewis 2013; Jolkkonen 2019).

Over time, by increasing their capacity, reputation and linkages with society, non-state providers such as NGOs may contribute to political pluralization. The literature has indeed often focused on liberal premises that NGOs—and civil society more generally—represent a force for democratic change and that, consequently, authoritarian regimes generally aim to thwart the development of these actors because they feel threatened by its mobilization potential.⁴ Nevertheless, despite the significance of the phenomenon, research on the extent and range of non-state provision in China, and its political origins and dynamics, remains limited (Lei and Chan 2018; J. Y. J. Hsu and Hasmath 2017; Howell 2015; S. Cook 2011; Schwartz and Shieh 2009).

⁴ To be sure, recent scholarship has put into question past assumptions on civil society and authoritarian regimes. Theoretical insights on the potentially productive relationship between authoritarian regimes and societal actors include, notably, the work of Jessica Teets on China (Teets 2013). In the China field, the so-called associational revolution of the 1990s and 2000s was often seen through the perspective of civil society, perhaps even as a step towards democratization (e.g., S. Shieh and Deng 2011). Others have also challenged the previously prevailing optimistic view that civil society (and especially, NGOs) always plays an important and positive role in processes of democratic transition and consolidation (Sahoo 2014).

Nonetheless, several theoretical perspectives for the rise of non-state providers have been proposed in the literature. Unfortunately, none of these interpretations taken in isolation provides a sufficient explanation for the case of China. First, economic theories of the nonprofit sector contend that non-state welfare provision is an outcome of market failure, which is typically understood as the absence of markets for the provision of public goods and services. In this demand-side perspective, the unwillingness of the market to meet the demands of citizens (in terms of quantity and heterogeneity of goods and services) leads to the emergence of the third sector and other non-state actors (Salamon 1987).⁵ However, this explanation fails to take into account the role of the state and neglects the role of politics, which make it unconvincing and rather useless in China's state-centred politics (Gilley 2011).

Another line of thinking links the emergence of non-state providers with state capacity and policy failure. State capacity is generally understood as a key factor underlying development outcomes (Evans 1995; Kohli 2004). This explanation is more appropriate in contexts of failing states where the state lacks the basic capacity to provide for the population. More generally, several scholars refer indirectly to the problem of state capacity—especially relative to the ability to deal with crises and shocks—to explain the emergence of non-state welfare provision. In this view, as a result of fiscal constraints and given the scale of welfare needs in a context of population aging, urbanization and labor migration, the Chinese state was unable to meet the demand from the population, which in turn led to the emergence of NGOs to fill in the gaps (e.g., Saich 2000; Ma 2006, 47; Leung and Xu 2015). Cost control and the government lack of expertise in the face of growing, differentiated and complex needs and expectations of Chinese

⁵ As explained in detail in chapter 2, the third sector refers to the various intermediaries and organizations between state and market, and within civil society, in a given country.

citizens are also often mentioned as potential explanations for the contracting out of welfare provision to NGOs (e.g., Teets 2012; Hsu and Hasmath 2017; Lei and Chan 2018).

Likewise, the expansion of non-state welfare provision relates to processes of decentralization, understood as the devolution of decision-making power or the delegation of administrative functions to lower-level local government branches (Bardhan 2002, 186). In this view, decentralization is as a way to make government more responsive and efficient, because transaction costs are lower, information problems less acute, and the incentives to provide goods and services stronger at the local level (Bardhan 2002).⁶ The delegation of state authority and function can extend not only to local governments but also to local communities and non-state actors (Bardhan 2002). Under China's de facto "fiscal federalism" (Montinola, Qian, and Weingast 1995), China's decentralization processes from the 1980s meant that cash-strapped local governments faced additional welfare responsibilities (Frazier 2010; Teets 2012; 2014). Hence, decentralization and gaps in welfare provision created incentives to increase the reliance on non-state welfare providers.

These perspectives on the role of decentralization are important; however, they are insufficient from a causal point of view. To begin with, the reliance by the state on NGOs for service provision—referred to as state-led pluralization of the welfare mix—and the growth of the NGO sector are not the same phenomenon. Moreover, the capacity of the Chinese state (both in terms of fiscal capacity and monitoring and implementation capacity) has varied over the period of reforms since 1978 and across Chinese regions (D. L. Yang 2006; C. Wong 2009). While

⁶ While decentralization has been a dominant paradigm of governance, the effects of decentralization on delivery and public services are mixed (e.g., Ghuman and Singh 2013; see also Smith and Lipsky 1993).

explanations focused on state capacity imply that the reliance on non-state providers should be greater in areas of relative state weakness, the reliance by the state on non-state providers has emerged and become more prominent in prosperous coastal cities in the Yangzi delta region, the Pearl River delta, and in Beijing. Moreover, an important problem with explanations focused on state weakness or state capacity is the difficulty separating state capacity from policy choices; given similar state capacity, different policy choices might be made at specific conjunctures by various actors influenced by different ideas. Hence, structural arguments need to be complemented with a consideration of the role of agency.

Other scholars have emphasized that the adoption of neo-liberal reforms and the subsequent retrenchment of the state stimulated the growth of non-state welfare providers across the world (Cammett and MacLean 2014, 12–13).⁷ As explained in detail in chapter 2, explanations focused on privatization and state retrenchment might help to understand the initial emergence of non-state providers in China; however, these explanations are less useful to account for the spread and gradual institutionalization of purchase-of-service contracting.

In recent years, the literature on non-state welfare providers in developing countries (Cammett and MacLean 2014) has provided interesting concepts and novel explanations. Notwithstanding China's upper-middle-income country status, some of the main implications of this literature regarding the links between non-state provision and electoral competition (Thachil 2011; Cammett and Issar 2010) obviously do not apply to China, a Leninist single-party authoritarian state. Nevertheless, an essential contribution of this body of literature has been to emphasize that

⁷ In developing countries, these reforms were promulgated as a response to the view that excessive state intervention led to clientelism and prevented the efficient functioning of markets (Bates 1981).

the expansion of non-state welfare providers (such as NGOs) must be understood in the context of processes of contemporary state building, decentralization as well as market reforms and the global spread of neo-liberal ideas (Cammatt and MacLean 2014). Likewise, a recent review of this field suggests that scholarship on social policy outside the OECD should pay more attention to the relationships between state building and the adoption and implementation of social policies, as well as on the role of informal institutions, non-state actors and civil society in social policy (Cammatt and Sasmaz 2016).

Finally, this dissertation engages with the literature on authoritarianism and authoritarian governance, which has been a rich and innovative area of scholarly inquiry in comparative politics over the past two decades. Political institutions in authoritarian regimes provide an arena within which incumbent rulers and potential opponents can forge compromises, thus contributing to the persistence and reproduction of authoritarian rule (Gandhi and Przeworski 2007; Gandhi 2008; Malesky, Abrami, and Zheng 2011; Svobik 2012). The burgeoning literature on ‘democratic authoritarianism’ examines why authoritarian regimes adopt nominally democratic institutions such as elections, rule of law, legislatures, and civil society and how these institutions impact regime resilience, through mechanisms of transparency, commitment for power sharing among elites, co-optation of opposition groups, and information gathering.⁸ Ultimately, authoritarian institutions (or nominally democratic ones) are deemed to increase authoritarian durability (Nathan 2003; Shambaugh 2008; Slater 2010b).

⁸ See Brancati (2014) for a review of the literature on “democratic authoritarianism.”

More specifically relevant to the case of China, scholars have characterized its authoritarian political system as flexible, adaptive and responsive and argued that these attributes contributed to regime resilience (Nathan 2003; Shambaugh 2008; K. S. Tsai 2006; Feng and Su 2012; Weller 2012). China-focused scholarship has emphasized how institutional reforms have helped strengthen the Chinese party-state after the 1989 Tiananmen Crisis. These include the development of both formal and informal input institutions and channels of consultation (Nathan 2003; Chen 2012; Lorentzen 2013; Teets 2014), the inclusion of private entrepreneurs into the membership of the Chinese Communist Party (K. S. Tsai 2007), and the development of mass organizations such as trade unions, corporatist associations and parastatal organizations (Gallagher and Hanson 2013, 199).⁹

The study of institutions under authoritarianism has contributed to knowledge, but several problems remain. First, it is not always easy to distinguish between authoritarian institutions as causes of political outcomes or authoritarian institutions as mere epiphenomena. Institutions, ultimately, are designed by actors in power and thus might be a by-product of underlying political, social and economic relations (Pepinsky 2014, 631).¹⁰ The literature has not yet convincingly demonstrated the precise causal link between institutions and authoritarian durability (Art 2012; Pepinsky 2014). Further, the comparative authoritarianism literature has

⁹ Nathan (2003)'s seminal contribution explains that the CCP regime has developed a number of input institutions (institutions that allow people to provide feedback to the state about their concerns) that have led to the resilience of China's authoritarian regime. These channels of demand- and complaint-making include local elections (e.g., at the village level), agencies that receive citizen complaints (*xinfang* system), people's political consultative conferences, and the mass media. Likewise, other scholars have suggested that popular protests represent a form of informal input institutions (Chen 2012; Lorentzen 2013).

¹⁰ As pointed out by Pepinsky, "authoritarian institutions cannot be studied separately from the concrete problems of redistribution and policy making that motivate regime behavior" (2014, 631).

sometimes been affected by rigid conceptual dichotomies (e.g., democracy vs. autocracy).¹¹

Rigid regime dichotomy and categorization often hide the porous boundaries between democracies and authoritarian regimes, or the convergence in practices of social control that both types of regimes may deploy in governing society (Dabène, Geisser, and Massardier 2008).¹² Moreover, the tendency to focus on seemingly democratic features of authoritarian institutions has come at the expense of an appropriate consideration of genuinely authoritarian features, such as their coercive features (Art 2012, 369). Authoritarianism thus remains often defined by what it lacks (e.g., democratic institutions) instead of by what it does and how it functions. For instance, we know that non-state providers and NGOs operate in a wide range of contexts, including in non-democracies. What then, are the specifically authoritarian features of non-state provision and social policy in these kinds of political contexts?

As a result of these critiques, scholars have recently emphasized the importance of investigating the politics taking place within authoritarian institutions (Pepinsky 2014) as well as the actual policies, governing techniques and practices taking place in non-democracies (Shue and Thornton 2017b). Scholars have been encouraged to carry out research at the meso-level and focus on authoritarian innovations—defined as “novel governance practices designed to shrink spaces for meaningful public participation” (Curato and Fossati 2020, 3)—and other governing techniques deployed by authoritarian states (Pepinsky 2020; Morgenbesser 2020; Curato and Fossati 2020).

¹¹ Scholars have made a convincing critique of the failure and problems associated with so-called transitology studies. See, for example, Dobry (2000) or Shue and Thornton (2017a).

¹² Relatedly, while scholars have long paid attention to the existence of authoritarian enclaves in democracies, the presence of democratic enclaves in authoritarian regimes has also received attention (Gilley 2010).

In the China field of research, while recognizing the previous contributions of the authoritarian resilience literature, some argue that the field needs to move towards “non-linear paradigms and research questions and hypotheses not still heavily inflected by teleology and false dichotomy” (Shue and Thornton 2017a, 12). These critiques underline that focusing on seemingly democratic institutions or on the prospects for democratization might create normative bias in China-focused research; importantly, it might also prevent scholars from understanding the normal politics, policymaking and governing processes and practices at play in authoritarian states. Hence, promising avenues for research on China’s authoritarian governance include tracing the origins and transformations of China’s adaptive techniques of governance (Perry and Heilmann 2011), focusing on uncovering the power relations and governing processes at play, and adopting an evolutionary perspective on institutions and practices (Shue and Thornton 2017b; K. S. Tsai 2013; 2016).¹³ Although it is challenging to do so, looking “more closely ‘under the hood’ at mechanisms and strategies of governance and state-society relations in authoritarian regimes” can contribute to improving theories in comparative politics (L. L. Tsai 2017, 296). These comments are wise, and this dissertation heeds their suggestions.

1.3 Argument in Brief

This dissertation draws on several middle-range theories to develop a number of theoretical claims regarding 1) the *causes* of change (what explains the outcome), 2) the *direction* of change or the “content” of the outcome, and 3) the *process* of change (how it occurred). It draws on historical institutionalism as a basic analytical tools to understand the transformation of social

¹³ Kellee Tsai notes that “we lack a convincing conceptual framework for explaining the causal mechanisms underlying major institutional transformations in the domestic political economy, especially in the absence of regime change, revolution, war, external occupation, and so on. What explains the party state’s capacity for endogenous institutional change?” (K. S. Tsai 2013, 867).

policy regimes, the role of non-state actors in the welfare mix, and the effects of state-building and state transformation on the adoption and implementation of social policies (Cammett and Sasmaz 2016; Fioretos, Falleti, and Sheingate 2016b). As explained below, this dissertation applies the tools proposed by recent theoretical innovations in “evolutionary” historical institutionalism to the study of transformations in China’s political economy (Mahoney and Thelen 2010b; K. S. Tsai 2016).

Drawing on the literature on non-state welfare provision (Cammett and MacLean 2014), on recent insights on the potential for a more evolutionary perspective in the study of authoritarian and Chinese politics (Pepinsky 2014; Shue and Thornton 2017b; S. Xu, Tsai, and Chang 2021), and on theoretical advances in gradual institutional change (Mahoney and Thelen 2010a), this dissertation argues that the changing reliance on non-state welfare providers (domestic NGOs) by the Chinese state through government purchase-of-service contracting—understood as a form of institutional change—has been causally linked with a set of factors: decentralization, international influences, and authoritarian consolidation.

Although China is a unitary state, local governments (at the provincial level and below) bear most of the responsibility for the provision of public goods and services. After the administrative decentralization reforms of the 1990s, local governments found themselves unable to meet the growing needs of the urban population. In such a context, decentralization led to policy failures and gaps in welfare provision. Decentralization combined with China’s meritocratic promotion system for government officials and created incentives to develop innovative solutions, with the aim to increase the supply of public goods and services. Hence, decentralization pressures,

including the shift of welfare provision responsibilities to cash-strapped and low-capacity lower levels of government, stimulated the search for pioneering solutions. Local officials and innovative NGO leaders found ways to circumvent existing regulatory constraints and used new, informal practices of collaboration and outsourcing. Over time, policy diffusion took place under China's "experimentation under hierarchy" framework (Heilmann 2008). Localities such as Shanghai and Guangzhou were mandated by central level authorities to conduct pilot projects during the 2000s, and the results of these experiments fed into the development of a national-level contracting policy that was adopted in 2013. Meanwhile, international influences contributed to stimulating policy change and shaping the content of policy reforms. This includes ideas and models of public procurement and neoliberal-inspired market reforms, which were shared by international organizations such as the Asian Development Bank. Nevertheless, ideas and models from abroad were distilled and adapted by the authorities into an assemblage to be tested and then, potentially, more broadly implemented nationally.

Finally, the institutionalization of contracting out policies, which started around 2012-2013 as the Hu Jintao tenure ended and Xi Jinping has taken over, has been closely linked to a process of authoritarian consolidation (Göbel 2011). Drawing on middle-range theories on social policy and regime resilience in authoritarian contexts, state transformation, and the interconnectedness between the state and civil society, this dissertation argues that non-state providers such as NGOs might help authoritarian states achieve, under certain conditions, at least two crucial outcomes. First, NGOs can help improve the quality of governance at the local level, namely the provision of public goods and social welfare; and second, containing the disruptive potential of civil society while enhancing the degree of political control. For instance, NGOs can help local

governments meet the various demands for social services in urban centers. They also provide policy and program expertise and operational support to local officials and government agencies in order to implement practical solutions and help manage social conflicts in urban neighbourhoods. Second, the promotion of state-NGO contract-based partnerships in service provision—e.g., the government purchase-of-service contracting policy—combined with separate but related regulatory reforms, might contribute to preventing the emergence of a civil society at odds with the goals of the Chinese Communist Party—thus containing the disruptive potential of civil society—while enhancing the degree of political control.¹⁴ Overall, this strategy is aimed at outsourcing and sharing the burden of welfare (i.e., increasing the supply of social welfare by non-state providers), while containing the development of civil society by shaping the interests and behaviour of NGOs and steering them towards areas of work that party-state authorities encourage or tolerate, and away from sensitive topics and activities such as rights-based claims making.

This dissertation also unpacks the process of institutional change—that is, the changing reliance by the Chinese state on non-state welfare providers (domestic NGOs)—by analytically dividing the process of institutional change into distinct phases such as emergence, spread and formalization. The literature on endogenous institutional change emphasizes the interactions among actors and the various strategies that are available to them, given existing constraints and institutions, to drive institutional transformation (Mahoney and Thelen 2010a). These different

¹⁴ I draw on the notion of *political control* (Hassan, Mattingly, and Nugent 2022), which encompass tactics that are “engineered by political leaders to ensure widespread compliance with state policies and to minimize political resistance” and whose nonviolent versions include both “material and nonmaterial rewards” and on the notion of *institutional containment*, defined “as subtle and indirect strategies of control that authoritarian regimes may deploy in different institutional arenas” (Schedler 2009).

strategies range from the top-down introduction of new institutional rules to the creative re-interpretation of existing ones to suit new objectives. More specifically, gradual institutional change can take place through various modes, including *layering*—the addition of new institutional rules and mandate revisions, on top of or alongside existing ones; *drift*—a strategy of not responding to changed socio-economic circumstances until such inaction modifies the impact of existing rules; and *conversion*—the re-interpretation and changed enactment of existing institutions by actors trying to exploit their ambiguities in order to suit new goals or purposes (Mahoney and Thelen 2010a, 15–18). I argue that the process of institutional change examined in this dissertation was characterized by these three modal types. In the case of China, the formal adaptation of the institutional and regulatory landscape underpinning local state-NGO collaboration in welfare provision lagged behind changing socio-economic conditions and actual (and informal) practices (*drift*). Local officials and NGO leaders re-interpreted existing institutions in order to suit new goals, undertake new functions, and achieve new objectives (*conversion*). Decision makers at the central level added new institutional rules (e.g., policies and regulations) on top of existing ones (*layering*). Overall, the changing reliance by the Chinese state on NGOs through government purchase-of-service contracting has been a gradual, ambiguous and slightly elusive process of institutional assemblage that entails the partial linking of various subinstitutions together into a larger institutional outcome. Such a process of institutional change inevitably entails unintended consequences, subnational variation, and some degree of incompleteness, as will be explained in the dissertation.

1.4 Methodology

This dissertation combines explanatory and exploratory research objectives and is based on a semi-inductive, qualitative approach. It relies upon within-case analysis of the case of institutional change in reform-era China, to explain the main outcome of this study: the reliance by the Chinese state on non-state welfare providers (domestic NGOs).

Following a background chapter on historical legacies of state and non-state welfare provision in pre-reform China, the main analysis takes place at three different levels: national, local and organizational. First, following an examination of the main legacies from pre-1978 China, I analyze change at the national level, by tracing the transformation of social policy and NGO regulatory reforms over the different administrations since 1978—that is, the beginning of the reform era. Second, I analyze the implementation of this government practice of purchase-of-service contracting and government-NGO collaboration at the local level. This is done by focusing on key sites of government contracting out to NGO policy experimentations and institutionalization, such as Shanghai or Guangzhou.¹⁵ The motivations and constraints of local officials in charge of the implementation of contracting policies are examined, as is the role of intermediaries, incubators and non-profit support organizations (NGOs) in the development of welfare providers and local practices of purchase-of-service contracting. Lastly, the dissertation considers government-NGO relations in light of the welfare contracting approach. More precisely, this entails looking at key issues such as the changing context faced by NGOs during the Xi Jinping era (i.e., between 2012 and approximately 2020), the conditions for acquiring government funding, and the linkages between the rise of government welfare contracting and

¹⁵ Shanghai's Pudong New Area, for instance, was designated a "national comprehensive reform municipal city" experimenting with the "service purchase model" (*goumai fuwu moshi*) (Thornton 2013, 9–10).

the Chinese Communist Party oversight of NGOs. This final section also considers the implications of the contracting model and concomitant regulatory reforms for NGOs and their reactions and adaptations to this changing institutional environment and opportunity structure.¹⁶ By leveraging the analytical insights offered by these analytical perspectives, this within-case analysis will allow to unpack, understand, and explain the different but interrelated dimensions of change.

This dissertation relies on a qualitative, case-based approach. Case studies can help advance scholarly knowledge, are useful for testing theories against different diverse kinds of observations and generating new hypotheses, and are conducive to falsification of preconceived explanations (Flyvbjerg 2006; Hall 2003). This method can help identify causal mechanisms, refine existing theoretical propositions and find previously unknown causal factors (George and Bennett 2005, 7). Moreover, for the purpose of inference, this project uses the method of process tracing, which is at its simplest “the use of evidence from within a case to make inferences about causal explanations about that case” (Bennett and Checkel 2014, 4). Process tracing is an analytical tool for within-case analysis that aims at uncovering the extent and kind of mechanisms that exist among the events that structure specific sequences of change. The historical explanations generated from process tracing involve careful description and analysis of trajectories of change and causation and pays close attention to the unfolding of events over time (Collier 2011). Process tracing is thus a research method that allows understanding the causes and consequences underlying socio-political phenomena.

¹⁶ This dissertation adopts a loose definition of NGO. A full discussion of what the term NGO means in the Chinese context and of the various categories existing is provided in chapter 2. While their autonomy, size and other characteristics might vary, service-oriented NGOs emphasize the provision of services, and deemphasize advocacy and mobilization activities often associated with civil society.

In this project, I conduct a type of process tracing called “explaining outcome process tracing” (Beach and Pedersen 2013, 18–21). Explaining outcome process tracing is “an iterative research strategy that aims to trace the complex conglomerate of systematic and case-specific causal mechanisms that produced the outcome in question” (Beach and Pedersen 2013, 19). While the main objective of this sort of study is to seek the causes of a specific outcome in a single case, the explanation tends to involve generalized theoretical claims that can reach beyond the single case. As an iterative strategy, explaining-outcome process tracing tends to involve an intensive interplay between inductive and deductive modes of reasoning, whereby deductive lenses are used to test existing theorized mechanisms and the inductive mode of analysis is deployed by using empirical material to build a plausible explanation of mechanisms that can account for the outcome (Beach and Pedersen 2013, 19–20). Process tracing entails rigorous examination of secondary sources, primary documents and archives, field interviews and other data to make sense of the unfolding of events and their consequences.

Primary data collection was mostly conducted during four months of fieldwork in China in 2017, which I spent as a visiting PhD scholar at Fudan University’s School of Social Development and Public Policy. During fieldwork, I conducted interviews and participant observation in various sites: Shanghai and its periphery, Beijing, and Nanjing. Although these large municipalities are not representative of the broader Chinese context, they remain worthy of attention for several reasons. First, these jurisdictions are a showcase of modern China—they represent magnets for the entire Chinese population. Second, these cities have been the key sites of policy innovations. Third, it is primordial for authoritarian regimes to control major cities and maintain the acquiescence of the urban population, because regime-threatening collection action is easier to

organize in the capital and major cities (Wallace 2014). Given that my thesis seeks to emphasize the linkages between the reliance on non-state actors/service providers and authoritarian governance, focusing on Beijing and Shanghai is a sensible methodological choice.

I met with representatives (leaders and senior managers) of almost twenty NGOs, nonprofit support organizations (NSOs) and nonprofit incubators, many which were contracted by local governments to provide various kinds of services (see chapter 6 and 7). My goal was to obtain the viewpoints of various actors—of organizations playing different roles in the government-NGO contracting “ecosystem.” As will be analyzed in this dissertation, the policy of contracting does not only concern social welfare provision, but also entails a degree of delegation by the government of various administrative functions. For instance, some NGOs are contracted by local government agencies as third parties to assess the performance of other NGOs. Some organizations—so-called nonprofit incubators—specialize in nurturing NGOs for the purpose of providing specialized services in collaboration with local governments. Undoubtedly, these organizations play an important role in the government contracting policy space; I thus included several of these influential NGOs in my sample. Overall, I conducted more than thirty semi-structured, in-depth formal interviews with various informants such as NGO representatives, subject-matter experts and academics, and government officials. These participants were selected through purposive sampling, including snowball sampling and informant referral (Patton 2002; Kapiszewski, MacLean, and Read 2015; Biernacki and Waldorf 1981). Interviews lasted on average about one hour (ranging from 20 minutes to more than 2 hours). Most interviews were conducted in Chinese, some in a combination of English and Chinese and a small number in English. Oral informed consent was obtained for all interviews. Names of participants are kept

anonymous for privacy and security purposes. My dissertation was examined and received ethics approval by the University of Ottawa Research Ethics and Integrity Board (see Appendix 2).

In addition to formal interviews, I also engaged in participant observation. More particularly, I attended several public events, such as philanthropy and public welfare fairs, as well as scholarly conferences in Shanghai and Beijing, which allowed me to better understand the type of discourse being used by different actors. Although I do not cite them directly in the dissertation, these encounters provided me with the opportunity to have informal discussions with tens of people on various topics related to welfare provision, government-NGO relations, and community building, for example. I also visited several organizations and learned more on their work by having informal discussions with staff and clients. Finally, this project also relies on documentary research including a review of important official policy and regulatory documents, media reports, and government data available publicly online. These documents help to make sense of the sequence of events and discourses surrounding the emergence of NGOs as welfare providers and the spread of government subcontracting.

1.5 Chapters' Overview

This introductory chapter has presented the puzzle that motivates this dissertation and the problem statement, the scholarly context in which the dissertation positions itself, its broad theoretical argument, and the research design that was used to generate empirical insights and make causal arguments.

Chapter 2 provides an extensive review of the relevant literature and the conceptual building blocks towards a better understanding of the main outcome of interest. This includes a review of key contributions in comparative social policy and of what we know about the participation of NGOs and the broader third sector in welfare regimes in various contexts, and of main approaches to researching NGOs in China. Furthermore, the chapter hones in various useful concepts, such as contracting out and delegated governance, that help define and conceptualize the phenomenon under study. By providing detailed yet succinct scholarly context and examining and unpacking the five specific dimensions of the outcome, this chapter provides the point of departure for the analysis in the rest of the dissertation.

Chapter 3 analyzes the theoretical building blocks that are used to make a number of theoretical claims regarding the *causes* of change (what explains the outcome), the *direction* of change (or the “content” of the outcome) and the *process* of change (how it took place). This includes theoretical advances in evolutionary historical institutionalism—i.e., gradual institutional change (Mahoney and Thelen 2010b; K. S. Tsai 2016). Further, this chapter builds on theoretical insights from the literatures on social policy in non-democracies, authoritarian durability, and theories on state transformation and the interconnectedness between the state and civil society. These insights help answer the following important questions for our analysis: How does institutional change occur in authoritarian states? What is the political logic of social policy in authoritarian states like China? What explains an authoritarian state’s reliance on non-state welfare providers?

Chapter 4 briefly examines key institutional legacies from the Republican and Maoist eras (i.e., pre-1978) that have shaped China's social policy transformation and the involvement of non-state providers in social welfare provision. It also provides background information on China's political system and presents Chinese governance structure and local government powers. The chapter describes the various party and state agencies that are responsible for the implementation of social policy and NGO management. This final section thus helps unpack the Chinese state into various actors at distinct levels.

Chapter 5 provides a national-level analytical narrative of the different phases of social policy and civil society development that have occurred in reform-era China (between 1978 and 2018) and the context in which non-state welfare provision has emerged and become increasingly institutionalized. It examines the main factors that shaped the process of change at the intersection of China's social policy and civil society, whereby NGOs have gradually come to play more extensive roles in welfare provision. It focuses on the gradual spread of the contracting of public welfare provision to NGOs and concomitant regulatory reforms. Attention is put to critical junctures and key events, important decisions and reforms, and structural changes. The analytical narrative is divided in four main phases that refer to consecutive party leadership eras of Deng Xiaoping (1978–1992), Jiang Zemin (1992–2002), Hu Jintao (2003–2012) and Xi Jinping (since 2012).

Chapter 6 provides an overview of the implementation of government purchase-of-services contracting at the local levels, including the key features of the contracting framework(s) and the main incentives and considerations local authorities face when entering in partnerships with

NGOs. This chapter also sheds light on the role of so-called nonprofit incubators and other nonprofit support organizations. Finally, the chapter examines various ways that the institutionalization of the contracting out approach remained incomplete and characterized by significant subnational variation.

Chapter 7 focuses on the perspectives of NGOs and examines the political dynamics of government-NGO relations under Xi Jinping. It provides a detailed overview of the transformation of the regulatory and institutional landscape and the implications of these changes for NGOs. The chapter explains the dilemma faced by NGOs regarding entering contracts and partnerships with local state agencies. It also analyzes the specific conditions under which the acquisition of government funding via bidding competitions becomes possible, which includes conditions related to party building (*dang jianshe*) and the requirement to establish party cells in NGOs. In so doing, this chapter reveals concrete mechanisms of authoritarian containment and political control underlying China's welfare contracting approach. It also points to the limits of the government purchase-of-service contracting model.

By way of conclusion, chapter 8 summarizes the main arguments made in this dissertation as well as the findings of each chapter. It also discusses the implications of these findings and provides a reflection on the scope of the arguments within and beyond the China case. In light of these implications, suggestions for future research avenues are offered. Finally, appendix 1 is an extra chapter that presents additional information regarding methodology, including data collection (interviews), as well as ethics and transparency. It includes a reflection about my

experience conducting field research in China's authoritarian context. Other appendices provide information on ethical clearance and a glossary of key terms in Chinese.

Chapter 2

Literature Review and Conceptual Building Blocks: Chinese NGOs and Non-state Welfare Provision in Comparative Perspective

This chapter provides a review of the literature and conceptualizes the outcome of interest of this dissertation: the changing reliance by the Chinese government on domestic non-governmental organizations (NGOs) in provision of social services. Although scholars have recently acknowledged that the assignment of responsibility for social welfare to non-state providers is a phenomenon found across the world, the specific features of this phenomenon in China needs to be examined carefully. At its broadest, the term social welfare represents the collective response to social problems such as poverty, inequality, and deprivation. Seen in an encompassing manner, social welfare includes “the direct or indirect delivery or indirect facilitation of services, programs, and infrastructure, which are aimed at promoting the well-being and security of the population (Cammatt and MacLean 2011, 4). Typically, social welfare refers both to social insurance and social assistance measures as part of the social security system, as well as to social and public services such as education and health care (Leung and Xu 2015, 7). In this dissertation, which focuses on the case of China, I follow Croll’s classification of social welfare (*shehui fuli*) in the Chinese context, which is typically understood has being comprised of three broad categories: social insurance (*shehui baoxian*), social assistance or relief (*shehui jiuji*), and social services (*shehui fuwu*), which refers to elderly care, support for the disabled and abandoned (e.g., left-behind children in the countryside) in addition to public services such as housing, health and education (Croll 1999, 684). This dissertation focuses on the social services

component of social welfare, because it consists of the field in which non-state welfare providers have become involved over time.

This chapter first reviews the comparative and China-focused literatures on social protection regimes, non-state welfare provision, and NGOs. While the rich existing literature provides important theoretical and conceptual insights, knowledge of why and how social policy regimes develop and of the important role played by non-state actors in various countries in the provision of social welfare remains highly incomplete, especially outside of the liberal-democratic realm. While current approaches to the study of NGOs and their participation in service provision in China provide important insights, they need to be supplemented to account for recent changes under Xi Jinping. Second, this chapter conceptualizes the outcome (the increasing reliance on service-oriented NGOs by the Chinese state) and its different dimensions, by bringing together various conceptual building blocks. These concepts are presented in comparative fashion, which is followed by a discussion of the idiosyncratic features of the case of China. Finally, this chapter provides a careful presentation of specific dimensions of change and thus the point of departure for the analysis provided herein.

2.1 Contributions and Limits of Existing Social Policy Literature

There is a rich literature on the study of comparative social policy and social protection regimes in advanced industrial democracies (e.g. Esping-Andersen 1990; Pierson 1994; Lynch 2006; Castles et al. 2010). These studies share various presumptions, such as the prominence of formal labour markets and the presence of consolidated democratic institutions (Gough 2004b). Recent studies have analyzed social policy developments in Eastern Europe, Latin America and East

Asia (Haggard and Kaufman 2008), and the developing world (Gough and Wood 2004; Rudra 2007). Nevertheless, despite these recent advances, scholars have stressed the need to expand the comparative social policy research program into previously neglected developing, transitional and non-democratic contexts (L. L. Tsai 2007; Mares and Carnes 2009; Albertus, Fenner, and Slater 2018). They have also pointed out that scholarship on welfare regimes outside advanced industrial democracies needs to pay more attention to issues of state effectiveness and the linkages between state transformation and the adoption or implementation of social policies (Cammett and Sasmaz 2016, 244; Gough 2004b).

Especially relevant for the case of China are the debates on social policy regimes in East Asia. The economic success of East Asian countries led to the reconsideration of the role of the state in development, and to the concomitant development of a literature on Asian “developmental states” (Evans 1995; Johnson 1995; Stubbs 2009). Likewise, scholars have conceptualized the social welfare policy trajectories in East Asian developmental states and suggested the possibility of a so-called East Asian welfare regime model (Goodman, White, and Kwon 1998; Holliday 2000; Gough 2004a; Haggard and Kaufman 2008).¹⁷ Some argued that East Asian countries had adopted “productivist welfare regimes” whereby social policy was subordinated to economic policy and education prioritized over social welfare spending (Holliday 2000). Yet, social policy regimes evolved so as to meet the requirements posed by flexible labor markets, economic globalization, and demographic changes (Peng and Wong 2008). The role and design of social

¹⁷ The debates on the East Asian welfare regimes have lasted for two decades; it is probably inaccurate to think in terms of one consistent, overarching regional model given the extent of regional variations (Goodman, White, and Kwon 1998, 14; Peng and Wong 2010). Moreover, the purported influence of so-called Asian values leading to the idea of “Confucian familism”—i.e., the importance of the family as the main source of welfare provision—was also subject to debate (Goodman, White, and Kwon 1998; Peng and Wong 2010).

policy in East Asia has been adapted over time in accordance to the requirements of the market economy and the need to maintain political legitimacy (Hwang 2012). In addition to stressing the strategic role of the state in development, an important contribution of this literature is to emphasize the congruence between social policy, state developmental strategy and regime legitimacy in developmental states such as Hong Kong, Japan, South Korea and Taiwan (Peng and Wong 2008; Hwang 2012).¹⁸

Scholars have also paid significant attention to China's social policy expansion, a process that has attracted significant attention since the turn of the century (Ngok and Chan 2016; Leung and Xu 2015; Shou 2017; Ngok and Huang 2014; X. Huang 2015). In the China-focused literature, scholars typically emphasize socio-economic structural factors, in particular marketization and globalization, as the main drivers of change in China's social welfare arrangements. According to this view, during the reform era (i.e., post-1978) China's economy transitioned from planned to market economy, and China has had to build a new welfare system to serve the requirements of the country's mixed economy (C. K. Chan 2016). The transition to the market economy coincided with the rapid integration of China into the globalized economy, which in turn prompted welfare state restructuring (Shou 2017). Rapid economic transformation has widened socio-economic inequality between urban and rural areas and between the rich and the poor, as well as distorted demographic patterns such as accelerated population ageing, which represent important structural drivers of welfare adaptation (Leung and Xu 2015; Izuhara 2013). In sum, an important theme of this growing literature is the relationships between economic

¹⁸ Over time, the purpose of social policy in East Asia has been adapted in accordance to the requirements of the market economy and to maintain political legitimacy (Hwang 2012) as well as to meet the needs of flexible labor markets, economic globalization, and demographic changes (Peng and Wong 2008).

development, globalization, and the evolution of social policy. Notwithstanding the importance of these economic factors, these explanations underplay the political motivations underlying the transformation of welfare regimes and welfare mixes in non-democratic contexts.

In some ways, social policy in China shares a number of commonalities with the pre-democratization East Asian developmental states of Taiwan and South Korea.¹⁹ Nonetheless, China has often been excluded from the comparative literature on social policy and welfare in East Asia, in part because as a socialist market economy in transition, China “fits awkwardly in such debates, which tend to assume democratic capitalism as a prerequisite for the development of social policy” (Izuhara 2013, 5). The literature on the evolution of social policy and welfare regimes in East Asia has, indeed, emphasized the causal impact of institutional legacies and regime change (i.e., democratization) on the evolution of social policy (Haggard and Kaufman 2008; J. Wong 2004). For instance, major social policy reforms in South Korean and Taiwan—more specifically, the expansion of the welfare state including the expansion of pension programs, universal access to health care, and long-term care—took place following democratization. Democratization changed the incentives of political actors and allowed the emergence of new political actors and institutional channels, which ultimately affected the development of the welfare state (J. Wong 2004; see also Aspinall 2014).²⁰ While this body of literature emphasizes the causal effect of regime change on social policy development, China’s long-standing and seemingly durable authoritarian system provides the broad institutional

¹⁹ According to Leung and Xu, “in a loose sense, as an ideal-type category, China has adopted some of the key features of the East Asian welfare regime, including low social spending, strong occupational welfare, limited government intervention, a low redistributive function, and the subordination of social policy to economic growth” (Leung and Xu 2015, 11).

²⁰ For instance, governments in South Korea and Taiwan were compelled to increase social welfare provision because of bottom up political pressures for democratic change (Peng and Wong 2010).

context in which social policy changes have taken place. As will be examined in this dissertation, China has undergone significant changes in social policy in absence of regime change, which existing theories based on the experience of democracies or democratizing states are hard pressed to explain.

The comparative study of social policy and welfare regimes has typically focused on the state and public sectors and thus neglected the roles played by non-state providers, such as non-governmental organizations (NGOs), charities, religious organizations, and even private businesses in local welfare mixes in both developed and developing country contexts (Gough 2004b; Jolkkonen 2019) in various fields including education, health, poverty alleviation, and care and human services. In spite of the focus of the literature on welfare states, Gough asserts that:

A wider range of institutions and actors are involved in modifying livelihoods structures and their outcomes through the provision of welfare. At the domestic level, ‘communities’, informal groups and more formal NGOs, figure as informal actors and add a fourth institutional actor to the state-market-family trinity” that comprise welfare regimes. (Gough 2004b, 30)

The involvement of non-state actors in the provision of social welfare is increasingly viewed in the literature as an important but sometimes contentious phenomenon. Some argue “that their integration into the infrastructure of contemporary welfare states is fundamental to the political organization of modern society” (Bode and Brandsen 2014, 1057). The role and contributions of non-state providers were underplayed or neglected in the foundational welfare state literature.²¹

²¹ For instance, in his seminal work *The Three Worlds of Welfare Capitalism*, Esping-Andersen does not pay much attention to the role of non-state (private) providers. Esping-Andersen, however, recognizes that the “division of social protection between public and private provides the structural context of de-commodification, social rights, and the stratificational nexus of welfare state regimes” (Esping-Andersen 1990, 80). But he does not say much on the contribution of non-state actors (third sector organizations such as NGOs) in the welfare mix.

Consequently, scholars have increasingly acknowledged that the political dynamics underpinning the presence and integration of non-state providers in social protection regimes across the world need to be carefully examined across diverse cases (Morgan and Campbell 2011; Cammett and MacLean 2014; Salamon 2015; Bode and Brandsen 2014).²²

Unfortunately, certain regions of the world have been neglected by the emerging research program focused on the politics of non-state welfare provision. For instance, Cammett and MacLean's (2014) seminal work does not cover Asia, even though this huge region has undergone significant restructuring in the institutional arrangements governing non-state welfare provision (S. Cook 2011; Lei and Chan 2018; R. Zhao, Wu, and Tao 2016). Likewise, recent theoretical efforts to deepen the understanding of the political and institutional dynamics driving social policy and redistribution in non-democracies often posit the state as unitary actor and tend to focus on the provision of rents, patronage or programmatic intervention by the state (Mares and Carnes 2009; Albertus, Fenner, and Slater 2018). In sum, there remains a considerable knowledge gap about the sources of, and causal linkages between, welfare regimes and non-state welfare provision in non-democratic contexts.

2.2 The Participation of NGOs and the Third Sector in the Welfare Mix

The welfare mix refers to the combination of the different actors and settings of the state, the market, the third sector, and the family in the provision of social welfare. Welfare regimes,

²² A number of scholars have noted a worldwide trend towards increased reliance on private, non-state, actors for the delivery of public services. As pointed out by Salamon, "in different ways, and in widely differing environments, a process of nonprofitization of the welfare state is taking place as governments turn increasingly to nonprofit organizations to assist in carrying out publicly funded functions" (Salamon 2015, 2154). Salamon highlights this process of so-called "nonprofitization of the welfare state" taking place in various contexts such as Poland, Russia, France, and China, and calls for careful investigation of this phenomenon.

which can be defined as “the entire set of institutional arrangements, policies, and practices affecting welfare outcomes and stratification effects in diverse social and cultural contexts” (Gough 2004b, 26), are typically comprised of a mix of formal and informal providers. Non-state welfare providers include private sector organizations, NGOs, community associations, religious groups, informal brokers, and kinship networks. These organizations can be domestic, international, or sometimes even transitional organizations or networks. The characteristics of non-state providers, moreover, can vary widely along several dimensions such as the degree of formality, the locus of their operations, and their profit orientation (Cammett and MacLean 2014). Conceptually, non-state providers are understood as being outside of the public sector, even if, in practice, the “boundaries between state and non-state providers are frequently blurred” (Cammett and MacLean 2011, 4–5; also see Morgan and Campbell 2011; Brass 2014).

The institutional design of welfare mixes entails not only the various rules and legislations that govern social policy fields but also the set of public and private actors which are involved in the production and delivery of goods and services, as well as the regulatory and accountability mechanisms overseeing them, their behaviours and funding structures (Henriksen, Smith, and Zimmer 2015, 1595). Analyzing the institutional arrangements of welfare systems implies not only an examination of the articulations between the third sector, the state, the family, and the market, but also of the key dimensions of provision, financing and regulation (Powell 2007; Henriksen, Smith, and Zimmer 2015). Given the often important role of non-state providers and the recurrence of their participation in the provision of social welfare, “the analysis of developments in the modern welfare state can hardly avoid examining” their role and partnerships with the state (Bode and Brandsen 2014, 1056).

The third sector refers to intermediaries or organisations within civil society, between the state and the market, that are part of the welfare mix and typically deliver welfare in a not-for-profit fashion, although they can also play potentially important social and political roles and influence the evolution of welfare regimes (Evers 1995; D. Lewis 2013; Jolkkonen 2019; Béland and Morgan 2021). The third sector is comprised of a wide range of formal and informal organisations including NGOs, interest groups, professional associations, unions, cooperatives, and voluntary support groups as well as many others such as social movements and advocacy networks. These organisations contribute in various ways to civil society—for instance, through service provision, rights protection, or political advocacy. Third sector organizations, such as NGOs, meet various social needs, have diverse relations to the government, and engender different types of political consequences across varying contexts.

NGOs are part of a given national context. While the term NGO remains embedded in national, cultural and legal contexts—which entail different national definitions of the term—David Lewis explains that:

NGOs are normally understood as a subset of a wider ‘third sector’, made up of a diverse universe of non-state and non-profit organizations. The term ‘non-governmental organization’ is often used interchangeably with similar terms such as ‘voluntary’, ‘non-profit’, ‘civil society’ and ‘community-based’ organizations, each of which has its own cultural and ideological origins. (D. Lewis 2013, 77)

David Lewis summarizes the main roles and kinds of interaction between state and NGOs. Analytically, NGOs can play three main roles as social policy actors: those of implementer, partner and catalyst (see D. Lewis 2013, 67–70). As implementers, NGOs mobilize resources and deliver goods and services to address unmet needs in various social policy fields. NGO service provision can either informally fill welfare gaps, substitute for state providers, or

complement existing state provision in a formal role. This specific role of service providers has become visible both in China and elsewhere. As partners, NGOs work with other social policy actors such as the government, communities, donors, or the private sector, to achieve specific developmental goals through the creation of “productive relationships between the sectors” (D. Lewis 2013, 68). As catalysts, NGO might facilitate the adoption of new thinking or innovative approaches and thus contribute to processes of social change at various levels, including “locally in small ways or within higher levels of policy processes”, sometimes through citizen engagement (D. Lewis 2013, 69). Lewis emphasizes that both state and NGOs are transformed through these various interactions and that the roles of NGOs must be analysed alongside the wider institutional setting, which inevitably always include the state (D. Lewis 2013, 77). If the different roles of NGO (and other types of third sector organisations) can change over time, the relationships to the state may also evolve.

NGOs possess different kinds of power, including *material power*—the resources at their disposal; *symbolic power*—the degree to which the statements they make are deemed legitimate; *interpretive power*—their ability to provide expertise, shape policy discussion and interpret social circumstances); and *geographic power*—the coverage of their operations across territory (Hasmath and Hsu 2014). These powers can be mobilized in state-NGO collaborations. Moreover, NGOs vary in terms of their degrees of autonomy, types of registration, structures, and relations with government and other authorities. Numerous types of NGOs exist, which are characterized by varying degrees of relations with and interferences by governments, political parties, states and businesses. Consequently, scholars use terms such as GONGOs (government-organized NGOs), PONGOs (party-organized NGOs), SONGOs (state-organized NGOs) and

BONGOs (business-organized NGOs) to better reflect, sociologically, the diversity of NGOs in a given context.²³

In sum, the involvement of NGOs in welfare regimes can bring added value both from a functional perspective (through the mobilization of knowledge, skills, and resources) and a participatory one. The participation of NGOs in welfare regimes is viewed as an important phenomenon and according to some, “their integration into the infrastructure of contemporary welfare states is fundamental to the political organization of modern society” (Bode and Brandsen 2014, 1057).²⁴

2.3 Approaches to Researching NGOs in China

The increasing participation of non-state welfare providers in the welfare mix, and more specifically the transfer of the production of welfare and livelihood-enhancing services from the public sector to NGOs via government service contracting has been referred to as a new “social welfare revolution” by prominent China scholars (Lei and Chan 2018). However, China’s state-led pluralization of the Chinese welfare mix has received little attention so far. As pointed out in one of early studies, “research on China’s service contracting is scant in the Chinese as well as English language literature” (R. Zhao, Wu, and Tao 2016, 2238). As noted by Shi (2017), few studies have closely examined the politics of the collaboration between government and non-

²³ See Hasmath, Hildebrandt, and Hsu (2019) for a conceptual analysis of what GONGOs are, how they compare and differ, analytically, with NGOs in terms of their sources of power, activities, functions, and their impacts on civil society.

²⁴ The role of the third sector in welfare provision remains a contentious one. As will be discussed later in this chapter, several studies have offered various forms of criticisms of the involvement of the third sector in service delivery (e.g., Bode and Brandsen 2014; Smith and Lipsky 1993).

state, private, actors in social policy.²⁵ Indeed, despite the significance of the phenomenon, research on the extent and range of non-state provision, and its political origins and dynamics, remains limited (Lei and Chan 2018; J. Y. J. Hsu and Hasmath 2017; Howell 2015; 2019; S. Cook 2011). This is partly due to the novelty of the phenomenon. Nevertheless, the recent literature on Chinese NGOs has emphasized a few important points.

First, the literature has noted an increasing reliance of the state on the NGO sector to help alleviate China's rising welfare burden (e.g., Teets 2012; Fisher, Li, and Fan 2012; Hasmath and Hsu 2014; Jing 2015; Shi 2017). The emphasis of these studies, however, is often on the effects of state policies on the development of non-profit organizations. For instance, Hsu and Hasmath (2017) provide an overview of the challenges Chinese NGOs are facing, in terms of their development as welfare providers and capacity to deliver services and ponders whether NGOs can be effective given the adverse institutional environment and various organizational challenges they are facing. The literature also emphasizes that Chinese non-profit organizations often operate in close relationships with the state, within narrow limits defined by the state (Zhang 2015), which continue to mistrust NGOs that are not government-aligned (J. Y. J. Hsu and Hasmath 2014). Accordingly, studies often focus on the strategies put forward by Chinese NGOs in their interaction with the state, which include adapting to the interests of local and central governments to address social problems (Hildebrandt 2013). NGOs thus sometimes form mutually beneficial relationships with the state, often informally (A. J. Spires 2011). Scholars have begun analyzing the impact of China's service contracting frameworks on service provision

²⁵ One related line of research on non-state welfare provision in China looks at the development of religious philanthropy and the role of religious organizations (Buddhist organizations) in the delivery of social services and their relationship with the state (Laliberté 2009; 2015).

and development trajectory of participating NGOs, including their fundraising operations, and the nature of government-NGOs relationship. While some studies suggest that overall, “service contracting has positive impacts on the development of NGOs, such as an increase in their financial resources and an expansion in their service provision” (R. Zhao, Wu, and Tao 2016, 2245), more recent work (e.g., Yuen 2020; Yi 2020) paints an ambiguous and complex picture that warrants further research.

Second, the literature stresses that China’s third sector is very heterogeneous and difficult to classify. For instance, Chinese NGOs vary in terms of their autonomy, sizes, structures, types of registration, and relations with the government and the CCP. They range from large government-organized NGOs to small grassroots NGOs. The literature has emphasized that the majority of Chinese NGOs have full or partial relations with the government, and many tend to be top-down organized by the government (GONGOs). Often privileged due to their background or the connections of their leaders with government, Chinese GONGOs were often preferred in early contracting funding schemes (R. Zhao, Wu, and Tao 2016; Jing and Chen 2012). Another significant type of NGOs are party-organized NGOs (PONGOs), which Patricia Thornton describes as a “new hybrid form designed to encourage the formation of civic groups, and particularly professional charitable organizations capable of taking on public welfare provision under the aegis of Party control” (Thornton 2013, 3). She points to the spread of PONGOs in Shanghai as being connected to the spread of CCP party branches in community service NGOs and to the goal of improving social governance, including stability and service provision, at the urban grassroots, all of which aim at fostering “a more integrated, cohesive and harmonious society at the urban grassroots” (Thornton 2013, 3). Meanwhile, the informal non-profit sector

has remained particularly large, with several millions typically small non-profit organizations operating without registration in the early 2010s (R. Zhao, Wu, and Tao 2016; Leung and Xu 2015). NGO registration is conditioned by various factors, including the availability of political and economic opportunities as well as by the fluid and contingent interests of local governments, which vary across issue area and geographic region (Hildebrandt 2011). NGOs unable or unwilling to follow registration requirements have often registered as a for-profit, business entity. Since the 2000s, social enterprises—businesses with a social mission or, in other words, for-profit non-government organizations that apply market-based strategies to promote social change—have also thrived, although they lack a specific legal form (Arantes 2022).

Another difficulty arises from the fact that legal classifications of the various types of third sector organisations that exist in China do not perfectly translate into typical scholarly understanding of civil society or third sector organisations. Chinese nongovernmental, non-profit organizations, differ from the general understanding of these organizations found in the literature (Zhang 2015).²⁶ In China, nongovernmental, non-profit organizations and other types of third sector organisations society organisations are typically referred to as “social organizations” (*shehui zuzhi*). Social organisation is a kind of general term used in official policy. Furthermore, China’s social organisations are classified into three main official and legally registered forms: foundations (*jijinhui*), social groups or associations (*shehui tuanti*), and social service organizations or agencies (*shehui fuwu jigou*). The term public welfare/interest organization

²⁶ For instance, Salamon and Anheier (1992, 135) argue that nonprofit organizations share five key characteristics. Nonprofit organizations are: 1) formally constituted (they are at least partially institutionalized); 2) private (they are institutionally separate from government); 3) non-profit-distributing (their profits are reinvested into the organization’s mission and not returned to directors or owners); 4) self-governing (they are a position to control their own activities to a considerable extent); and 5) voluntary (they use some extent of volunteer staff, whose contributions are non-compulsory).

(*gonyi zuzhi*) is also commonly used by NGOs themselves and in public discourse. The various terms used to describe Chinese third sector organizations have been in flux as the result of the evolving discourse and policy documents.²⁷

Third, the increasing participation of NGOs in service provision relates to long-standing debates in the field of Chinese politics on the nature of China's civil society and the impacts of NGOs on state-society relations. To begin with, the civil society approach used by some scholars posits society as independent from and often in opposition to the state. This perspective focuses on the rise of intermediate organizations, usually at the grassroots, which serve to express the interests of society. It tends to see the growth of civil society in terms of its potential democratic impact. For examples, some scholars saw the rise of environmental NGOs and their advocacy as representing "sites and agents of democratic change in China" (G. Yang 2005, 65). Likewise, some have seen the civic responses and voluntary relief efforts to the 2008 Sichuan earthquake as the rise of civil society in China (S. Shieh and Deng 2011). The civil society approach has emphasized the decline of the ability of the state to control society. Nonetheless, this perspective suffers from important shortcomings. For instance, there is no real solid evidence of supposedly autonomous or independent NGOs challenging the Chinese state. Also, it suffers from its pro-democracy normative bias, which may lead to a disconnection between theoretical and empirical reality. Finally, in focusing the analysis on whether organizations are independent from the state

²⁷ Until around 2016, the category "citizen-initiated non-enterprise unit" (*minban feiqiye danwei*) was officially used to describe one of three main types of registered social organization. The General Provisions of Civil Law (National People's Congress of the People's Republic of China 2017) formally replaced the term citizen-initiated non-enterprise unit with social service organization (*shehui fuwu jigou*). The term social organization also includes grassroots NGOs (*caogen zuzhi*) and community-based NGOs (*shequ zuzhi* or *shequ caogen zuzhi*). These latter types of organizations are not fully recognized in official policy. Finally, charity organizations (*cishan zuzhi*) have been become recognized in official policy with the adoption of China's Charity Law in 2016, which promoted this specific kind of NGOs.

it downplays the role and overwhelming power of the latter, and the extent to which non-state actors and intermediaries like NGOs often actively seek collaboration with the state.

The state corporatism approach regards intermediate organizations such as NGOs as primarily the instruments of state interests and rule. Proponents of state corporatism often focus on large, legally registered NGOs or on government-organized NGOs. Unger and Chan argued that the spread of intermediate associations such as NGOs did not signify the rise of a vigorous civil society; rather, the majority of social organizations remain under the control of the state, must be registered, and often implement state policy on the government's behalf (Unger and Chan 1995).²⁸ Other scholars emphasize that the success of NGOs is shaped by their relationship with local states (Hsu and Hasmath 2014). In this view, the government plays a prominent role in the survival of NGOs. This approach offers a convincing explanation for the relationships with the government of government-organized non-governmental organizations (GONGOs), industry associations and professional organizations (A. Spires 2011). It also provides a more accurate representation of the unequal power relations resulting from China's authoritarian political system and of the complex and fluid relationships between NGOs and state actors (Teets 2013; Kang and Han 2008). Overall, these two state-centred approaches have provided useful, albeit limited, analytical lenses to examine NGOs' relative degree of autonomy vis-à-vis the state and the concomitant strategies they deploy in response to the broader institutional environment.

Nevertheless, recent developments in the literature point out that the relations between the state and NGOs depend on the type of organizations and the kinds of social services they deliver, as

²⁸ See Hildebrandt (2011) on the political economy of nonprofit registration in China.

well as on their capacity to defy the state (Kang and Han 2008; Wu and Chan 2012). According to Teets, the pluralisation of Chinese society is not leading to an autonomous civil society or to democratization, but instead to what she calls “consultative authoritarianism” that is characterised by “a pluralistic society participating in policy formation and implementation, and the use of multiple indirect tools of state control” (Teets 2013, 32). Moreover, according to the idea of “graduated controls” the state, out of self-interest, “exerts various control strategies over different types of social organizations according to the capacities of the social organizations to challenge the state and the value of the public goods they provide” (Kang and Han 2008, 36; also see Jing 2015). Finally, Hsu and Jiang argue that the structure and strategies of Chinese NGOs are determined by the evolution of the ecology of opportunity (the structures of power that shape what is possible or not) and the varying background of the social entrepreneurs who found and lead these organizations. As a result of these differences, NGOs adopt different strategies to secure the resources needed for their survival and development (C. L. Hsu and Jiang 2015). These recent approaches provide valuable insights to better understand the nature of state-society relations in contemporary China.

While the dominant role of the state in Chinese politics is overwhelmingly accepted as a central analytical premise by China scholars,²⁹ some argue that it is inappropriate to oppose state and society, and point to the existence of a third realm—an intermediate space between state and society characterized by constant negotiation and interrelationship (P. C. C. Huang 1993). Most organizations that have emerged following China’s economic reforms seem to exist in the middle between the state and the market, or between the state and society (Ma 2002a). Other scholars

²⁹ Gilley (2011) provides a forceful argument about the enduring appropriateness and usefulness of the state-centered paradigm for the study of Chinese politics.

emphasize the frequent occurring of bargaining processes between state and non-state actors and point to the increasingly marketized interactions and non-zero-sum nature of the relationships between China's state and societal actors (Lee and Zhang 2013).

Although the abovementioned approaches help to understand the relationship between NGOs and the government in reform-era China, their applicability and usefulness to current social policy transformations have limits, especially insofar as the emergence and growth of non-state welfare provision in China are linked to the institutional arrangements of the social protection system and to the processes, techniques and structures by which Chinese society is governed. These approaches might underplay the growing interplay between the logic of state power and the logic of the market in shaping the incremental development of China's civil society and the spread of non-state social welfare intermediaries (Howell 2012). Simply put, they are not equipped to explain the rise of welfare-oriented NGOs and the development of the government purchase-of-service contracting model that characterizes the recent evolution of China's social policy. Unfortunately, in spite of the increasing salience of China's state-led pluralization of the welfare mix, "little is currently known about [...] how the state regulates non-state welfare provision" (N. Li 2013, 35). In sum, more appropriate conceptual tools are required to understand the evolution of China's institutional arrangements for social policy and non-state provision, especially insofar as it relates to China's authoritarian governance.³⁰

³⁰ Governance, at its most fundamental sense, implies "the act of governing" (Béland and Morgan 2021), which includes the provision of public goods and services, policy making and implementation, and the maintenance of order.

2.4 Conceptualizing the Participation of Chinese NGOs in Service Provision

As examined in this dissertation, the increasing reliance by the Chinese state on domestic NGOs in social welfare has been characterized by the spread of government purchase-of-service contracting (*zhengfu goumai fuwu*) policies and practices, new forms of government-NGO partnerships, and regulatory changes.³¹ This section provides conceptual building blocks that will allow to better understand and assess the main dimensions of this phenomenon.

At first glance, it is tempting to characterize the use of non-state actors for the delivery of social welfare and public services as a form of welfare state retrenchment or as privatization. Indeed, a large literature has examined processes of welfare retrenchment in Western welfare states, typically understood as either the reduction of payment transfers and entitlements (Pierson 1996) or as the restructuring of the public sector along market principles combined with the diminution of public services (Pontusson and Clayton 1998).³²

In China, the privatization and marketization of social services and social welfare have been key features of the reform era. In the 1990s, the Chinese government withdrew its intervention from areas that had no direct linking to economic development and implemented a large-scale process of state-owned enterprises (SOE) restructuring, which led to the layoffs of tens of millions of workers (Hurst 2009). At a time when social welfare was still generally assigned based on workers' affiliation with work units (*danwei*), SOE reform translated into welfare state retrenchment. Market reforms during the 1990s saw the dismantling of the socialist social

³¹ As will be examined below and more closely in chapter 5, China's 2013 national contracting policy specifically encourages China's local governments to subcontract the provision of various kinds of services to non-governmental organizations.

³² For a review of the literature on welfare state retrenchment, see e.g. (Starke 2006).

protection system, the retrenchment of the state from welfare responsibilities, and the shift of these responsibilities to society, markets, and families—a process referred to in the literature as the “socialization of social welfare” (*shehui fuli shehuihua*).³³ As a result, large segments of the population found themselves excluded from state-provided welfare, especially in the area of healthcare (Hurst 2009; Duckett 2010). At the same time, the number of non-profit and grassroots organizations active in service provision increased dramatically (Schwartz and Shieh 2009).

However, and as will be explained in greater detail in chapter 5, if the 1990s correspond to a period of welfare state retrenchment, the transformation of China’s social policy since the early 2000s cannot be reduced to this notion. The increasing reliance by local governments on NGOs for the provision of social services has taken place in a context of overall welfare expansion, which was launched in the early 2000s. This expansion resulted in increased overall spending on social welfare and public services—increased payment transfers, welfare coverage and entitlements—as well as heightened government legislative and regulatory intervention in most social policy areas (Ngok and Chan 2016; Leung and Xu 2015).³⁴ Therefore, reducing the transformation of China’s social policy regime to the concept of retrenchment is incorrect and incomplete.

³³ Chapters 4 and 5 provide a more detailed analytical narrative of the transformation of China’s social welfare before and after 1978.

³⁴ For a discussion on a welfare state is emerging in China and if so, of what kind, see Ringen and Ngok (2013), Q. Gao, Yang, and Li (2013), and X. Huang (2015). Scholars have emphasized that China’s social welfare system is segmented, fragmented and decentralized, which lead to significant variations in the level of welfare across territory, despite recent moves towards more universal distribution (Leung and Xu 2015; X. Huang 2015; Shi 2012; Solinger and Hu 2012).

The increased reliance on non-state actors for the production and delivery of social services has also been referred to as the privatization of the welfare state. However, the concept of privatization also suffers from a number of limitations. As pointed by Morgan and Campbell (2011), privatization typically implies a shift towards an individualist and market-oriented approach as well as the withdrawal of public responsibility at the advantage of a more present private sector. Yet, the notion of privatization neither properly conveys the substantial degree of government involvement—including selection, regulation, funding, and oversight—nor does it captures the intertwinement and blurring of responsibilities that the reliance on non-state actors for the delivery of public services might entail (Morgan and Campbell 2011, 20–21). In fact, the concept of privatization has been stretched in various bodies of literature to describe “quite distinct phenomena, ranging from the complete shedding of state responsibility for social provision, the selling-off of state-owned enterprises, or the contracting out of the provision of social services...[and] tends to obscure the object of study rather than clarify it” (Morgan and Campbell 2011, 20).

In China, while the embrace of market reforms inevitably transformed social welfare delivery and public administration, the notions of privatization and state retrenchment fail to convey the full meaning and implications of China’s recent welfare mix transformation, which combines a greater role for NGOs in social service delivery with a changing, but not diminishing, role of the state. For instance, Lei and Cai argue that:

The leading role of the state is the most significant characteristic of the recent contracting out of social services, especially in terms of administrative and financial support. This means that unlike the practice of ‘big society’ elsewhere, the Chinese state has actually reinvested in social services and reinforced its role of regulation. (Lei and Cai 2018, 150)

A more appealing approach is to define the reliance on NGOs for public service delivery as a shift towards a “contracting out” model.³⁵ Technically speaking, contracting out refers to “the transfer of the production of services from the public sector to non-governmental organisations through a bidding or negotiation process after which a bid winner needs to produce the required amount and quality of services stated in the contract” (C. K. Chan 2018, 2). The notion of contracting out emphasizes the adoption by the government of the use of market forces to competitively select non-state providers (e.g., NGOs) to provide public services through procurement (C. K. Chan 2018, 2). As will be explained in greater details, the changing reliance by the Chinese government on NGOs for the delivery of social services through purchase-of-services contracting has been institutionally crystalized around 2013, and hence hailed as a major transformation—indeed, a “welfare revolution”—by scholars of China’s social policy (Lei and Chan 2018). While the notions of contracting out and non-state welfare provision invoke technical aspects, the political implications of these approaches to social welfare are often quite profound. They imply not only a changing welfare mix—a new division of social protection between state, market, third sector and households—but also, as pointed out by Morgan and Campbell (2011), a new form of governance. The responsibilities assigned to non-profit contractors are not necessarily limited to the provision of social welfare. Non-profit contractors are sometimes tasked with performance monitoring and evaluation, program design, and eligibility criteria determination. In addition to the provision of services, the process of

³⁵ It should be noted that scholarship on the topic tends to use interchangeably the notion of “contracting out” alongside the terms “social services outsourcing” and “government purchase of services.” In Chinese, the term 政府购买服务 (*zhengfu goumai fuwu*) is most commonly used. It translates into “government purchase of services.” Nevertheless, the term contracting out is often used in scholarly work. For example, the title of Lei and Chan’s recent (2018) book, *China’s Social Welfare Revolution: Contracting out Social Services*, purports to capture the gist of the transformation that has occurred in China’s welfare system.

contracting can also include or lead to the delegation of regulatory functions (Jing and Hu 2017, 194).³⁶

A large body of research has examined various implications of the contracting out model in different contexts.³⁷ While recent studies have paid closer attention to the political origins and dynamics surrounding the emergence and development of state-third sector partnerships (Bode and Brandsen 2014), much of the literature has focused on issues surrounding the efficacy and cost-benefits of non-state service provision—for instance, whether services are provided at a lower cost than that of public agencies.³⁸ Nonetheless, there are several problems with the depiction of the changing reliance by the government on non-state providers as an option chosen by policymakers on the basis of cost-efficiency arguments. Indeed, these technical-administrative arguments are “functionalist and apolitical, positing that when a policy is needed or makes sense, it is adopted” (Morgan and Campbell 2011, 36). Focusing on the technical aspects of welfare provision and portraying state-led pluralization of the welfare mix as an apolitical and efficiency-

³⁶ Likewise, some scholars suggest that recent patterns in China’s government-nonprofit relationship go further than service contracting, but also signal the emergence of “collaborative governance” (Jing and Hu 2017; Teets and Jagusztyn 2016). Under collaborative governance, nongovernmental organizations are seen by local governments as potential partners. This kind of collaborative approach favors the acquisition of capabilities and governing resources by NGOs, which include specialized skills, local knowledge, field expertise and social capital (Jing and Hu 2017, 193). In certain cases NGOs may assume the role of quasi-state actors by performing public functions and engaging in regulatory functions (Jing and Hu 2017, 192–94). Further, nonprofit contractors might assume the role of “street-level bureaucrats” (Lipsky 1980) such as when, for instance, they make decisions about the eligibility of service applicants.

³⁷ Smith and Lipsky (1993), for instance, provided an early analysis of the impacts of the transformation of the US welfare state caused by the privatization of service delivery through the contracting out to nonprofit organizations. Morgan and Campbell note that many of the studies on state-nonstate partnerships “have not looked specifically at social policy, however, and many have been less concerned with analyzing the political origins and dynamics of delegating governance than with probing its implications” (Morgan and Campbell 2011, 22).

³⁸ See Bode and Brandsen (2014) for a short overview of current debates surrounding state-third sector partnerships. It should be noted that although the contracting out of the provision of social services is generally justified on the basis of cost saving and efficiency enhancement that are supposed to derive from an increased use of market forces and mechanisms, research often shows that the subcontracting of welfare to non-state providers actually often fails to achieve the purported lower costs, efficiency and quality services evoked by its advocates (Morgan and Campbell 2011, 8; Smith and Lipsky 1993).

maximizing approach to favor cost reduction is unsatisfying for several reasons. First, it is a reductionist explanation limited to efficacy and cost-benefit aspects. Following Paul Pierson, Morgan and Campbell remind us that “much decision-making in the political sphere fails to follow an efficiency-maximizing logic” (Morgan and Campbell 2011, 36; Pierson 2000). Second, it leaves aside the politics of non-state welfare provision. On the contrary, non-state welfare provision “is inherently political and demands that scholars of political science integrate non-state social service into discussions of the politics of the welfare state” (Allard 2014, 256). Third, it fails to adequately capture the power relationships and the wider political implications at play in transferring responsibilities for service production and delivery—and sometimes even governing authority—from state to non-state providers.³⁹ Unfortunately, a large part of the Chinese scholarship on the topic of the contracting out of services/welfare—*zhengfu goumai fuwu moshi*, which translates into the government purchase-of-service contracting model—tends to be apolitical and technically-oriented. The literature on the topic from China tends to be overly descriptive and prescriptive in nature, typically focusing on administrative aspects and policy recommendations for the government on ways to enhance the efficiency of government purchasing processes and the performance of contracted organizations (e.g., Liao, Zheng, and Yun 2015; Jia and Su 2009; Cortis, Fang, and Dou 2018). Finally, in addition to being guided by the agenda of the state, the Chinese language research on the topic is also often rooted in and padded with extensive reference to the latest buzzwords put forward by the party-state (Snape 2019b).

³⁹ Just to name one example, the ability to shape program eligibility criteria and/or service coverage represents a form of power that may be accrued to non-state welfare providers (Morgan and Campbell 2011; Cammett and MacLean 2014).

Nonetheless, Morgan and Campbell (2011)'s concept of the "delegated welfare state" is quite useful to understand non-state welfare provision, including its political origins, dynamics, and implications for the evolution of institutional arrangements and practices. By delegated governance, they mean:

Delegated governance is the delegation of responsibility for publicly funded social welfare provision to non-state actors. Rather than set up bureaucratic agencies to directly achieve a particular set of objectives, such as distributing benefits or providing public services, collective goals are realized through private entities that may be profit-making or nonprofit organizations. The government role is one of financing, regulation, and oversight, but not direct provision. (Morgan and Campbell 2011, 19)

This concept is useful for several reasons. First, it emphasizes that contracting out entails some delegation of responsibility to non-state actors with the purpose to achieve policy and/or programmatic goals. Second, the concept is more sensitive to an examination of the power relationships and the political implications involved in non-state welfare provision and government-NGO "collaboration" or "partnerships".⁴⁰ For instance, as pointed out by Morgan and Campbell, delegated governance and non-state welfare provision may lead to "a complex hybrid of public and private actors engaged in social welfare provision, convoluted lines of authority and accountability, and a blurring of boundaries between public and private" (Morgan and Campbell 2011, 4).⁴¹ Third, it highlights the varying forms of state involvement at play in the participation of non-state welfare providers in welfare mixes. While the notions of privatization and retrenchment emphasized or presumed government withdrawal, delegated governance instead implies a modified government role, away from direct provision and towards

⁴⁰ Chapter 3 explores theoretical underpinnings of state-nonstate collaboration in greater details.

⁴¹ Brass also finds that the delegation of welfare provision to NGOs involves potentially blurred boundary between the government and nonprofit organizations, which in turn poses challenges for political accountability (Brass 2014).

a focus on the “financing, regulation and oversight” of non-state providers (Morgan and Campbell 2011, 19). The “delegation” of responsibility to non-state welfare providers is contingent, usually limited, and conditional on the nature of state-society relationship. Certainly, the extent and nature of delegation varies along the specific forms of contracting and regulatory control, the type of non-state actors that are allowed to participate, and the form and amount of authority transferred to these non-state actors—which, in the case of China, has remained limited. While the implementation of delegated governance varies over time and across policy areas, the degree of delegation and the types of non-state actors that are involved in government-funded service provision may evolve over time and across policy areas.⁴² Indeed, “the delegated welfare state is extremely heterogeneous in form, involving a plethora of actors and administrative arrangements that have changed over time” (Morgan and Campbell 2011, 27). Finally, following Morgan and Campbell (2011), the reliance on non-state welfare provision—its emergence, extent, form, and dynamics—also pertains to state transformation processes. In sum, the concept of delegated governance, understood as both a political process and a set of institutional arrangements, helps to better understand the different dimensions of change that are constitutive in China’s state-led pluralization of the welfare mix.

2.5 Constitutive Dimensions of the Outcome of Interest

Under the leadership of Xi Jinping, the contracting out of social welfare has become China’s “new welfare approach” (C. K. Chan 2016, 27). The participation of domestic NGOs in

⁴² In China, although quasi-government NGOs or government-organized and so-called public institutions (*shiye danwei*) were initially the main recipients of government funding for the provision of services, policy and regulatory changes since the mid-2010s have clarified that welfare-oriented NGOs (*shehui fuwu jigou*) and charitable NGOs (*cishan zuzhi*) are the preferred vehicle for the implementation of purchase-of-service contracting. More details are provided in the rest of the dissertation.

government purchase-of-service contracting—that is, China’s new “welfare revolution” (Lei and Chan 2018)—signals a partial transition towards a mixed welfare economy, within the context of China’s authoritarian governance. Moreover, this new “focus on facilitating grassroots public service delivery” (Thornton 2013, 14) through the use of government purchase-of-service contracting is premised on novel governing techniques and state-society relationships that are concomitant to the spread of “social management” or “social governance” in public discourse. According to Shi Shih-Jiunn,

Social management entails a clear orientation to allow the participation of non-state organizations under the guidance (and auspices) of the CCP. The state-led pluralization of welfare provision in the new millennium envisions a fresh governance mode towards public-private mix, with the state establishing a regulatory framework that allows non-state actors to provide social services. (Shi 2017b, 468–69)

Under Hu Jintao and Xi Jinping, social governance (*shehui zhili*) became a central component of the contemporary discourse on state-society relations and, as analyzed in chapters 5, 6 and 7, intertwined with changing institutions, discourse, and governing practices pertaining to social welfare, civil society, and political control. However, as demonstrated in a recent in-depth discursive analysis of the use of the term social management in official discourse and in Chinese language scholarly work, the term social governance and its predecessor social management lack “one clear, static meaning...[and] are found to be ambiguous and at times contradictory” (Snape 2019b, 685). Therefore, we prefer to focus on an analytical construct such as government contracting out rather than a discursive term (social governance) whose meaning remains somewhat elusive.

Table 2.1 summarizes the conceptualization of the outcome of interest, its key dimensions, and the related indicators. The section below presents more details on each dimension.

Table 2.1. Constitutive Dimensions of the Outcome of Interest

Main Outcome	Dimensions	Indicators
State Reliance on NGOs Through Government Purchase-of-Service Contracting	Participation of NGOs in the Welfare Mix	• Number of NGOs (especially service-oriented NGOs) • Broadening scope of NGO service activities
	Leading Role of the State	• Financial support • Supportive discourse on NGOs and their role in public welfare/philanthropy • Material and symbolic recognition of model NGOs and project innovation
	Regulatory Reform	• Central-level policies and guidelines on government purchase-of-service contracting • Laws and regulations on domestic NGOs and philanthropy • Preference for service-oriented NGOs
	Local Implementation within Broad National Policy Framework	• Subnational variation in terms of scope, speed and content of policy implementation • Most funds allocated at the local levels • Programs focused on community building
	Political Control	• Party building requirements in NGOs • State-NGO partnerships characterized by patron-client tendencies • Government funding excludes rights-oriented advocacy work

Dimension #1: Increased Participation of NGOs in the Welfare Mix

Under China's new welfare approach, the Chinese government has withdrawn from the direct provision of services and increasingly turned to NGOs to provide certain public services, leading to a new form of state-NGO collaboration in welfare provision: government purchase-of-service contracting to NGOs (*zhengfu goumai shehui zuzhi fuwu*). This process has taken place amidst an important increase in the size and importance of China's third sector (*di san bumen*). Indeed, the number of NGOs in China has steadily increased since the 1990s. According to the Ministry of Civil Affairs, by the end of 2017 there were 762,000 social organizations nationwide, of which about 110,000 were involved in the provision of social services of various kinds (Ministry of Civil Affairs 2017). In 2013, there were 547,000 social organizations in China, of which 78,625 were involved in the provision of social services. To compare, the official figures from the Ministry of Civil Affairs indicate that the total number of officially registered social organizations were 211,000 in 2001, 354,144 in 2006, and 445,000 in 2010 (Leung and Xu 2015, 150–51). Meanwhile, another important aspect of their increased role in the welfare mix is the broadening of their areas of work, especially those that are permissible and encouraged by Chinese authorities. Although the use of NGOs for the provision of public services was typically restricted to rural development and relief, the delegation of responsibility for publicly funded social service provision to NGOs has broadened to cover elderly care, disability services, education, public health, community services, poverty alleviation and other areas (e.g. Leung and Xu 2015; Fisher, Li, and Fan 2012). Various segments of the urban population are targeted, including community residents, rural-to-urban migrant workers and their families, unemployed people, the elderly, the disabled, and left-behind children.

It is important to note that the increased participation of NGOs goes beyond public service provision. Local governments have begun to transfer authority and assigned responsibility to social organizations for various administrative functions, including the allocation of funding, evaluation work, research consultancies, the drafting of administrative and policy documents, the management of community service centres and their programs, the provision of capacity building support for other NGOs, and setting standards for specific nonprofit activities (e.g., H. Gao and Tyson 2017; Jing and Hu 2017). As pointed by Gao and Tyson, since 2013, the Chinese government requires that all provincial-level governments “commit to the transfer of authority to SOs [social organizations] in accordance with the unified standards set by the State Council” (2017, 2). Finally, the participation of NGOs in the provision of public services has been incrementally institutionalized. As detailed in chapter 5, the contracting out of public services to NGOs—which was formalized nationally in 2013—signals their institutionalization within China’s welfare system as implementers of state policies and programs. While the contribution of NGOs to social welfare in the 1990s was mainly as informal vehicles for the provision of residual social welfare, under the new approach to social governance and social welfare provision, “registered NGOs are offered opportunities to expand services by taking up the role of public welfare providers [and] have been institutionalized as part of China’s welfare delivery system” (C. K. Chan 2016, 7–8). In sum, the increasing participation of NGOs in the welfare mix is comprised of two interrelated aspects: the concomitant transfer of welfare responsibilities to non-state providers (NGOs), and NGOs (gradual) institutionalization within local welfare delivery systems.

Dimension #2: Leading Role of the State

Since the early 2000s, the Chinese state has redirected its attention towards social development and social welfare. It is now “guided by a new ideology” that emphasizes the role of non-state providers in China’s emerging welfare state (C. K. Chan 2018, 1; Leung and Xu 2015). This new “ideology” is translated in practice into new institutions and a public discourse that emphasizes the role of NGOs in service provision and overall public welfare. As analyzed in chapter 5, following a series of policy experiments in major cities (Guangzhou, Shenzhen, and Shanghai), the state has promulgated policies and regulations at both the national and local levels to improve the management of NGOs and promote the use of government purchase-of-service contracting by local governments. Local governments have also taken various steps to promote contracting policies and government-NGO “partnerships.” For instance, the Shanghai government has set up, supported, and partnered with intermediaries such as nonprofit incubation centers to support the establishment and nurturing of NGOs for the contracting out of public services at the local level.⁴³ An important aspect of state support is the increased availability of government funds for purchasing welfare services from NGOs. Following the “Administrative Measures for the Purchase of Government Services” issued in 2014 by the Ministry of Finance, the Chinese government has expanded its purchase of services, with service procurement reaching about 1 trillion yuan in 2016 (S. Sun and Zhang 2018). Nonetheless, although social welfare remains a small fraction of government procurement expenses, its scale has rapidly increased since the end of the 2000s. Data from the Ministry of Civil Affairs shows that the government almost doubled its funding for the purchase of social services from NGOs from 2.2 to 4.2 billion RMB (320

⁴³ Moreover, social organizations now can receive support and assistance in the registration process from specialized consultancies. The goal is to make the registration process easier to navigate for smaller and newer organizations. Interview with Civil Affairs bureaucrat in Shanghai (SH-04).

million US \$ to 600 million US \$) between 2014 and 2016 (Lei and Cai 2018, 149). Locally, in the city of Guangzhou—a pioneer nationally in the contracting out of social services to NGOs—the amount devoted to the contracting out of social welfare increased from only 5.22 million RMB (less than 1 million US \$) in 2008 to 320 million RMB (around 50 million US \$) in 2013 (Leung and Xu 2015, 166). Official data provided by the Shanghai Government’s Shanghai Administration Bureau of NGOs indicated that by 2020, government contracts and subsidies were projected to represent 30% of the annual income of all social organizations in Shanghai.⁴⁴ In sum, the promotion of publicly-funded non-state welfare provision in China is a state-led process and the state has retained an ubiquitous role in the construction of this approach (Shi 2017b, 465). Yet, the role of the state has changed, moving away from direct service provision towards financial support and regulation for non-state welfare providers.

Dimension #3: Regulatory Reform

Since the early 2010s, both central and provincial-level governments have promulgated important regulatory change affecting NGOs and their ability to engage in the contracting of public services. Chapters 5 to 7 will provide ample details on specific regulations and their implications. Regulatory changes include not only the formalization of government purchase of services from NGOs in 2013, but also (and very importantly) the 2016 Charity law and the 2016 Foreign NGO Law which represent turning points for Chinese NGOs and China’s third sector. Under Xi Jinping, the state has increased its oversight of domestic and international NGOs (Hasmath and Hsu 2016; Simon and Snape 2017; Sidel 2019). For many, these regulatory changes under Xi Jinping suggest that the Chinese Communist Party (CCP) has worked towards

⁴⁴ Information gathered by the researcher from the data publicly displayed by the Shanghai Civil Affairs Bureau at the 2017 Shanghai Philanthropy Day event.

“building a new model of governance” (Simon and Snape 2017, 28). Drawing on the rich literature on the topic, this dissertation shows how China’s recent NGO policies and regulations are used to create a third sector in line with the goals of the Chinese party-state.

Dimension #4: Local Implementation within Broad National Policy Framework

The fourth dimension of the outcome of interest is the development of a multilevel welfare mix under a broad national framework that requires the local implementation of government purchase-of-service contracting to NGOs. The emergence and formalization of government-NGO partnerships in service provision has been uneven across China (e.g., Leung and Xu 2015; Wen 2017). Developed coastal mega-cities, more specifically Shanghai and Guangzhou, took the lead in promoting government-NGO partnership through contracting out policies and programs. As explained by Chan, “although central government departments have published guidelines on contracting out public services, the actual implementation of this new welfare approach will be shaped by local governments’ policies as there are regional variations on social and economic conditions” (C. K. Chan 2018, 8). The spread of contracting has even been uneven within major cities themselves, with some districts taking the lead and others lagging behind. At the local level where state-NGO collaboration takes place, various state actors (individuals and agencies) have their own interests and objectives towards NGOs and contracting goals and requirements. Within the larger national-level framework, the implementation of government purchase of services contracting has proceeded along a decentralized and flexible process under which local governments are requested to purchase NGO services but can do so according to local needs and priorities. Local implementation of government purchase-of-service contracting policies in China’s fragmented local state is thus characterized by significant variation. Finally, as will be

explained in chapter 6, most government funds allocated for the purchase of NGO services are disbursed at or below the municipal levels. District and street-level governments are typically the most frequent “buyer” of NGO services.

Dimension #5: Political Control

Lastly, China’s state-led pluralization of the welfare mix and the reliance on NGOs are shaped by the priorities of China’s authoritarian ruling party. Social welfare provision and NGO sector development are intertwined with political control and stability maintenance imperatives. As will be discussed at greater length in the next chapter, China’s ruling party dominates the state and seeks to penetrate and control society in multiple ways for the purpose of political control (Mattingly 2019; Shue and Thornton 2017b). For instance, social governance at the community level—which has increasingly intertwined with NGO service contracting—entails a conflation of public service provision and public security work (Thornton 2017; Heberer and Göbel 2011). Further, while there might be a conflation between the purposes of social development and political control, NGO politics in China are Janus-faced (Ma 2016), whereby state strategies of empowerment and control towards NGOs coexist to spearhead while containing them. Specific mechanisms of control have been deployed, such as the establishment of party cells within NGOs as requirement to obtain an organizational evaluation rating sufficient to compete in contract bidding competitions.⁴⁵ The combination of government contracting policies and regulatory change entails various implications for NGOs, leading some to increase their compliance and alignment with the goals of the CCP.

⁴⁵ Patricia Thornton notes the increasing presence of party branches in community and nonprofit organizations, which “subject groups to increased surveillance and the obligation to participate in Party activities” (Thornton 2013, 15). Chapter 7 of this dissertation provides empirical material from interviews covering these aspects.

2.6 Conclusion

This chapter has reviewed the relevant literature on social policy and government-NGO relations in China from a comparative perspective and provided the conceptual blocks necessary to appropriately define the outcome of interest of this dissertation and its key dimensions. These conceptual building blocks presented in this chapter help understand China's changing reliance on non-state providers (domestic NGOs) as a complex and multifaceted phenomenon taking place at the intersection of China's social policy reforms, public sector restructuring, and third sector development. I argued in this chapter that this outcome needed to be broadly conceptualized in order to reflect five interrelated dimensions: the increasing participation of NGOs in the welfare mix; the leading role of the state in this policy field; the importance of regulatory reform; local implementation within broad national policy framework; and political control imperatives. The overall conceptualization of the outcome of interest is not at the organizational level. Instead, this dissertation focuses, both in terms of its research questions and its approach to causality, on institutions and policies rather than on organizations or organizational fields *per se*.

Long-standing debates in the field of Chinese politics on the nature of China's civil society and the impacts of NGOs on state-society relations have emphasized the persistence of local corporatism and graduated controls tendencies. I argued that Cammett and MacLean (2014)'s seminal work on non-state welfare provision and Morgan and Campbell (2011)'s notion of "delegated governance" also provide useful conceptual building blocks that could be drawn upon in a study of the contracting out of non-core public welfare and services to Chinese NGOs. The reliance on non-state actors for the delivery of various kinds of services is a profoundly and

intrinsically political phenomenon. Far from removing the state from the equation, the delegation of welfare provision and other responsibilities to non-state actors entails a substantial degree of government involvement, including in the selection of NGO partners, regulation, funding and oversight. Hence, combining the concept of delegated governance with the insights of state corporatism and graduated controls seem conducive to a careful examination of the power relationships and political implications underpinning the institutional arrangements and practices that have emerged alongside the increasing reliance non-state welfare provision and government-NGO “collaboration” or “partnerships” in China since the 2000s and, more particularly, under Xi Jinping’s rule. Of course, the specific factors accounting for the origins, the evolution, the form of non-state welfare provision will vary across different political economy contexts. For instance, the nature, extent and features of the delegation of responsibilities to non-state welfare providers or the forms of government-NGO “collaboration” or “partnership” are not merely contingent but are also conditional on the nature of state-society relationship in a given context. In the case of China, the “delegation” of responsibility to non-state welfare providers (NGOs), and the partnerships between local governments and NGOs, are taking place in the context of its authoritarian single-party Leninist political regime. As a consequence, paying careful attention to the various power dynamics and political control aspects at play in the Chinese state’s reliance on NGOs via government purchase-of-service contracting is of primordial importance. To understand the adaptation of the institutions and practice of authoritarian governance in the Chinese context—the policies, techniques, and mechanisms by which China’s authoritarian rulers govern society—this dissertation draws on scholarships on authoritarian durability, state transformation, NGOs and social policy, and institutional change. The next chapter provides the theoretical building blocks of this dissertation to explain the causes and the process of change.

Chapter 3

Theorizing Gradual Institutional Change and Non-State Welfare Provision in Authoritarian Contexts

This chapter presents the theoretical building blocks that will allow making several claims regarding the outcome of interest of this dissertation—that is, the changing reliance by the Chinese state on NGOs for the provision of services and the implementation of social policies through contracting out. This chapter develops a number of theoretical claims regarding the *causes* of change (what explains the outcome), the *direction* of change (the “content” of the outcome) and the *process* of change (how it took place). This requires answering the following sub-questions: What is the political logic of social policy in authoritarian states like China? Why do authoritarian states rely on non-state welfare providers such as NGOs?

First, this chapter draws on recent theoretical innovations in “evolutionary” historical institutionalism to capture the elements of continuity and change and to analyze the incremental process of institutional development that has characterized the changing reliance of the Chinese state on NGOs via purchase-of-service contracting. I argue that the process of institutional change examined in this dissertation was characterized by three modal types: drift, conversion and layering (Mahoney and Thelen 2010a). First, the formal adaptation of the institutional and regulatory landscape underpinning local state-NGO collaboration in welfare provision lagged behind changing socio-economic conditions and actual practices (*drift*). Second, local officials and NGO leaders re-interpreted existing institutions in order to suit new goals, undertake new functions, and achieve new objectives (*conversion*). Third, decision makers at the central level

added new institutional rules (e.g., policies and regulations) on top of existing ones (*layering*). Overall, the reliance by the state on NGOs through government contracting emerged and developed as “non-confrontational, informal means to introduce alternative rules” (Tsai 2016, 274; 276–77) that were complementary or substitute to existing institutions and social policies.

Second, this chapter draws on several middle-range theories on social policy in non-democracies, authoritarian regime durability, and state transformation and the interconnectedness between the state and civil society. As explored in depth below, social policy is consequential to authoritarian regimes, notably because it may allow to secure collective acquiesce and the co-optation of elites and social forces. Social policies are crucial to a regime’s performance legitimacy. Furthermore, state-nonstate collaboration can contribute to the implementation of various state projects, and also help enhance the reach of the state. From the standpoint of authoritarian states, the reliance on non-state providers such as NGOs might help achieve, under certain conditions, at least two crucial outcomes: first, improving governance, namely the provision of public goods and social welfare; and second, containing the disruptive potential of civil society while enhancing the degree of political control. These hypotheses are supported by theoretical insights from recent advances in the literature of the sociology of the state, informal institutions, and state transformation.

Building on these insights, this chapter suggests a general explanation for the changing reliance by the Chinese state on non-state welfare providers, whose account focuses on the causal impact of three main factors: decentralization, international influences and authoritarian consolidation. Decentralization and international influences help understand the emergence of non-state welfare

provision, the adoption of market-based approaches, and the gradual spread of government purchase-of-service contracting. Furthermore, this chapter suggests that authoritarian consolidation, understood as a multifaceted process and set of strategies, aims at increasing the staying power of the Chinese party-state through institutional change and the deployment of adaptive techniques of governing. It can also act as a causal factor prompting social policy expansion and the turn to non-state welfare providers to increase the supply of services.

3.1 Historical Institutionalism

In this dissertation, I take an “analytically eclectic” approach, which is defined as “an intellectual stance a researcher can adopt when pursuing research that engages, but does not fit neatly within, established research traditions in a given discipline or field” (Sil and Katzenstein 2010, 412).

Notwithstanding the previous chapter’s conceptualizing efforts, the scope of inquiry of this dissertation comprises a set of interrelated topics that are examined by scholars through the lens of different research traditions. Following Sil and Katzenstein (2010), while being cognizant of foundational issues associated with diverse research traditions, I recognize the value of drawing from different theoretical insights and engaging with various research approaches on substantive issues. As noted by Peter Hall, “the greatest advances will be made by those willing to borrow concepts and formulations from multiple schools of thoughts” and by constructing theoretical “synthetic models” (Hall 2010, 220). With respect to causality and change, this perspective implies a focus on causal mechanisms and their interactions: “the pragmatist ethos and epistemological agnosticism of analytic eclecticism inclines it toward a more complex view of causality in which different types of mechanisms interact to generate outcomes of interest in different contexts” (Sil and Katzenstein 2010, 421). Adopting an analytical eclecticism stance

entails a focus on “problems of broad scope” and the development of “complex causal stories at the level of middle-range theory” (Sil and Katzenstein 2010, 421).

As a starting point, this dissertation draws on historical institutionalism, which is a theoretical research tradition of middle range theory that is aligned with the tenets of—and indeed arguably characterized by its tendency towards—analytical eclecticism. Research in historical institutionalism typically focuses on case-oriented research questions that are rooted in specific times and places and is most often “process-oriented and mechanism-oriented” and premised on the identification of “causal conditions that are located at multiple points in time” (Mahoney, Mohamedali, and Nguyen 2016, 75).

Historical institutionalism is a research approach to studying politics that, similarly to the other two main new institutionalist approaches—i.e., rational choice institutionalism and sociological institutionalism—recognizes the salience of institutions in shaping agency and outcomes (Hall and Taylor 1996; Thelen 1999). Formal and informal institutions are important for politics because they structure political behaviours and outcomes (Steinmo 2008).⁴⁶ Historical institutionalism emphasizes the causal effects of institutional legacies and past policy decisions, the importance of causal junctures, and the significance of the temporal timing and sequence of events in order to understand institutional continuity and change (Hall and Taylor 1996; Skocpol and Pierson 2002; Fioretos, Falleti, and Sheingate 2016b). This approach pays attention to the

⁴⁶ Institutions are typically understood as “sets of regularized practices with a rule-like quality” that “structure the behavior of political and economic actors” (Hall 2010, 214). These can be formal or informal. More specifically, informal institutions are the “socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels” (Helmke and Levitsky 2004, 727). This dissertation follows an inclusive ontology of institutions that acknowledges the co-existence of formal and informal institutions within a given political economy setting.

causal effects of the timing and sequence of reform.⁴⁷ Historical institutionalist studies based on path dependence arguments tend to emphasize the persistence of institutions, political processes and outcomes over time (Pierson 2000), and have typically focused on explaining institutional continuity rather than change (Skocpol and Pierson 2002; Fioretos, Falleti, and Sheingate 2016a).⁴⁸ Historical institutionalism lends itself to multi-causal explanations that consider the effects of the ideas, interests, and agency of actors over time within the context of institutions structuring politics in order to explain institutional continuity and change. This approach tends to imply a conjunction of both formal and informal institutions as well as both slow-moving processes and short-term contingent factors (Skocpol and Pierson 2002; Steinmo 2008). While early studies in historical institutionalism emphasized “big questions” of comparative politics (Skocpol and Pierson 2002, 696–98), the scope of research of historical institutionalists has expanded to include “virtually all types of institutions, big and small, at the local, national, and international levels” (Fioretos, Falleti, and Sheingate 2016a, 4).

Peter Hall suggests that historical institutionalism displays both a rationalist and a sociological side and points to some commonalities of particular salience: ideas play an important role in politics, institutions are “objects of continuous contention”, and the exercise of power is behind the functioning of institutions (Hall 2010).⁴⁹ However, historical institutionalism diverges from

⁴⁷ Historical institutionalists argue that the formulation of rich and nuanced accounts of change require a careful consideration of temporal effects insofar as “the duration of events may impact time-horizons and discount rates; the speed of change may affect the nature of learning and deliberation; and the extent to which change is accelerating or not may be important for the type of causal mechanisms that are active over time (e.g., tipping points, cascades)” (Fioretos, Falleti, and Sheingate 2016a, 20).

⁴⁸ Indeed, path dependency theorists contend that institutional change is rare : “key features of political life, both public policies and (especially) formal institutions, are change resistant” (Pierson 2004, 43).

⁴⁹ For instance, on its rationalist side, historical institutionalism tends to emphasize a number of aspects such as the importance of reform coalitions to effect change; and that the mobilization of actors derives from the broader organizational setting, their mobilizational ability and the opportunity costs they face given expectations regarding relative gains and their normative beliefs about the possible implications of change (Hall 2010).

other institutionalist approaches in some key respects. For instance, historical institutionalism rejects rational choice theory's position that individuals, whose preferences are taken for granted, are solely utility-seeking agents making choices with perfect information (Thelen 1999). Historical institutionalism instead holds that ideas, interests, and social positions generate preferences that may change over time. Its conceptualization of institutions also differs. As pointed out by Conran and Thelen, "Unlike rationalist accounts whose analytical starting point [...] is the coordinating functions of institutions, historical institutionalists think about institutions first and foremost as distributional instruments, fraught with implications for the allocation and exercise of political power" (Conran and Thelen 2016, 60).⁵⁰ Historical institutionalists hold a power-centered view of institutions that emphasizes the relationships between institutions and power distribution and between power relations and institutional change. For instance, actors face varying opportunity costs and mobilizational power across different points in time in a given political economy (Hall 2010).

Meanwhile, historical institutionalists with a more sociological tendency "tend to stress the intrinsic ambiguity of institutions", for they are underpinned by norms "that are always subject to reinterpretation" (Hall 2010, 216). In the more sociologically inclined side of historical institutionalism, institutions "are *instruments* the actors use to negotiate the complexity of the world. Far from dictating particular actions, institutions are seen as enabling structures within which actors exercise a robust agency" (Hall 2010, 217, emphasis in original). In their analyses of institutional effects and institutional development, historical institutionalists typically

⁵⁰ In rational choice institutionalism, "institutions were often seen as coordination mechanisms serving contemporary efficiency purposes" and shaping behaviour "by structuring the 'pay-offs' faced by rational actors" (Conran and Thelen 2016, 53).

“examine multiple institutions in interaction, operating in, and influenced by, broader contexts. They pay close attention to ways in which multiple institutional realms and processes interact with one another” and focus on the configurations of policies, institutions and organizational structures at different points of time (Skocpol and Pierson 2002, 706). For Peter Hall, one of the core insights from historical institutionalism is its attention to externalities and institutional complementarities: “the impact of any new institutional practice will be mediated by the operation of other institutions unaffected by the reform” (Hall 2010, 213).⁵¹ Likewise, Dan Slater points to the shortcomings of path-dependency and prevailing rationalist accounts of authoritarian institutions and instead reiterates the salience of institutional complementarities and externalities:

[A] fundamental shortcoming of both types of analysis is that path dependence and equilibrium are features characterizing a *particular* institution. Under conditions of institutional *complexity*, one institution’s persistence might undermine another’s, and one institution’s equilibrium logic might contradict another’s. (Slater 2010a, 137, emphasis in original)

To sum up, historical institutionalism calls for careful multi-causal explanations of continuity and change. These various insights on institutional effects and institutional development have salient implications for the study of social policy and authoritarian institutions in China’s single-party, post-socialist, authoritarian context. An analysis of social policy reforms and the relationships between NGOs and the Chinese state needs to consider not only both structure and agency, but also the effects, complementarities and interactions of various institutions, on the form and process of change taking place within China’s political economy. Nevertheless, two

⁵¹ Likewise, “the level of support available from various types of actors for institutional reform in one sphere of the political economy will often be conditioned by the character of existing institutions in other spheres” (Hall 2010, 213).

kinds of change are central in the historical institutionalism research tradition: sudden breaks due to critical junctures, and gradual institutional change.

3.2 Theories of Institutional Change

Institutional change is often attributed to critical junctures—sudden breaks in institutional order which can be understood as “moments when substantial institutional change takes place thereby creating a ‘branching point’ from which historical development moves onto a new path” (Hall and Taylor 1996, 942). Critical junctures—also often referred to as “crisis” or “turning points”—are significant events in the past that set into motion processes that have large and enduring impacts on outcomes later in time. Analytically, critical junctures are defined as “*relatively* short periods of time during which there is a *substantially* heightened possibility that *agents’ choices* will affect the outcome of interest” (Capoccia and Kelemen 2007, 348, emphasis in original). It remains up to actors to act. Central in the concept of critical junctures is this notion of the opening up and closing off of an unusually larger (but not infinite) range of possible institutional outcomes (Mahoney, Mohamedali, and Nguyen 2016, 76). It should be noted that due to the role of contingency, change does not necessarily arise from (or follow) a critical juncture. It is entirely possible that institutional (re-)equilibrium—rather than institutional transformation—follows a critical juncture (Capoccia 2016, 95; Capoccia and Kelemen 2007, 350–51). Critical junctures should thus be understood and analyzed in ways that are attentive to agency and contingency.

In the China field, the causal importance of critical junctures to explain social policy change is emphasized by scholars such as Xiong (2014) and Ngok and Huang (2014). They suggest that

political events (e.g., Party Congress meetings or leadership change), economic events (e.g., China's entry in the World Trade Organization or the 2008 financial and economic crisis), or social events (e.g., the severe acute respiratory syndrome (SARS) outbreak of 2003 or the Sichuan earthquake of 2008) have been catalysts for drastic policy change. Clearly, the Tiananmen Crisis acted as a critical juncture during a pivotal moment of China's opening up and reform era, because it led to the removal from power of reformers within the regime, most notably Zhao Ziyang, and marked the end of the tentative political liberalization of the 1980s.

The study of the politics of institutional change can also focus on the antecedent structural conditions to a given critical juncture (Capoccia 2016, 93–94). In this view, the divergent outcomes across cases that follow from a common critical juncture (or shock) can be better explained by different initial conditions rather than by agency, because the variation in initial conditions profoundly impact the political dynamics leading to the outcomes (e.g., Slater 2010b; Acemoglu and Robinson 2012). Some scholars emphasize that the outcome of a critical juncture is not predetermined but contingent, and thus more attention should be paid to the role of political agency during the critical juncture. This may include detailed accounts of the interactions between actors and the decisions that they make given the range of choices available to them within the larger historical social and political context of this given juncture. Other scholars may focus on the strategies designed to legitimize new institutional arrangements through ideational change and to the struggles taking place in public debate (Capoccia 2016, 94–98).⁵² Finally, it should be noted that the analysis of institutional path dependence and critical

⁵² As Capoccia explains, ideational approaches to critical junctures are similar to approaches that focus on strategic interaction actors and political choice, in that they “emphasize the agency of influential actors, which seek to take advantage of a fluid and uncertain situation to build new institutions. The distinctive feature of ideational approaches is their conceptualization of the interests and the preferences of important actors: interests are not objectively given

junctures is typically linked (Capoccia and Kelemen 2007). Major events or key decisions taken at a critical juncture may bring about institutions with specific mechanisms that provide increasing returns for institutions and thus create self-reinforcing processes which make deviation from the path costly (Pierson 2000). Yet, theoretical arguments based on path dependence and critical junctures are typically criticized for overstating the separation between phases of institutional continuity and change; on the one hand they ignore the possibility of gradual institutional change and on the other hand they over-rely on the causality of exogenous shocks and crises (e.g., Fioretos, Falletti, and Sheingate 2016b). Consequently, a number of scholars have recently sought to enhance the theorizing of institutional change to address these limitations.

Gradual Institutional Change

Recent theoretical developments have improved our ability to analyze gradual institutional change within the general framework of historical institutionalism (Mahoney and Thelen 2010b; Streeck and Thelen 2005). These theoretical developments overcome the reliance on punctuated change by offering analytical insights into endogenous and incremental institutional change.⁵³ The literature on endogenous institutional change emphasizes the interactions among actors and the various strategies that are available to them, given existing constraints and institutions, to drive institutional transformation. Institutional transformation may occur gradually over time and

by an actor's position vis-à-vis the class structure, the market, or other objective structural or institutional conditions but, to a large extent, are *culturally constructed*. This process of construction is the key characteristic of the politics of institutional formation during critical junctures" (Capoccia 2016, 97–98, emphasis in original).

⁵³ As pointed out by Conran and Thelen, "such work also moves beyond the question of whether agency trumps structure or the other way around and instead seeks mid-range explanations that situate agents within a context that shapes the plausible strategies available to them—but which they may also be able to change" (Conran and Thelen 2016, 66).

endogenously within a given institutional context through certain mechanisms of change. These categories of change include displacement, layering, drift, conversion, and exhaustion (Streeck and Thelen 2005; Mahoney and Thelen 2010a; K. S. Tsai 2016). According to Mahoney and Thelen (2010, 15-18), gradual institutional change can take place through various modes and different strategies, ranging from the top-down introduction of new institutional rules to the creative re-interpretation of existing ones to suit new objectives. First is displacement, the introduction of new rules that compete with and replace existing ones. This kind of change, often highlighted in leading institutional theories, may occur suddenly or as a slow-moving process. In the case of China, an important example of gradual institutional change taking place through displacement was the introduction of market reforms in the 1980s and 1990s, where market institutions competed with those of the existing centrally planned socialist economy, leading to a gradual market transition—instead of the so-called shock therapy which had taken place in Russia after the fall of communism (Naughton 2007; Qian 2003). Second is layering, the addition of new institutional rules and mandate revisions on top of or alongside existing ones. Layering often takes place when proponents of change lack the capacity to introduce completely new institutions or rules but instead “work within the existing system” to introduce amendments and modifications to original institutions, the accumulation of which over the long run results in substantial change (Mahoney and Thelen 2010a, 17). Third is drift, a strategy of not responding to changed socio-economic circumstances until such inaction modifies the impact of existing rules. The classic example of drift is the hidden politics of welfare state retrenchment in the United States, where the deliberate failure to adjust social programs to rising social risks—that is, to a shift in external conditions—accounted to a major transformation of the impacts of existing institutions of the welfare state (Hacker 2004). Fourth is conversion, the re-interpretation

and changed enactment of existing institutions by actors working within their constraints and trying to exploit their ambiguities to resolve new problems. Conversion occurs when “institutions designed with one set of goals in mind are redirected to other ends” (Thelen 2003, 228). Conversion can thus be understood as the internal adaptation of an existing policy.

Furthermore, another mode of gradual institutional change is exhaustion, which refers to institutional “depletion” or “breakdown” that can occur when institutions cease to function due to changes in structural conditions that render them utterly anachronistic (K. S. Tsai 2016, 274). Institutional exhaustion can be equated to a form of extreme drift. With the latter, the original institutions retain their authoritativeness, even though their reach or impact might be more limited. But in the case of exhaustion, institutions break down and “eventually cease to function” (K. S. Tsai 2016, 274). Finally, Jennifer Pan recently theorized that the expansion of China’s *Dibao* program (China’s main social assistance program) was characterized by “seepage...a process of institutional change where one government priorities, goal, or orientation infiltrates, sometimes unintentionally, unrelated policies and programs without changing the formal rules of these other policies” (Pan 2020, 10).

Several sources of incremental change can be identified in light of the power-distributional implications of institutions that are crucial in explanations of institutional change (Mahoney and Thelen 2010a; Hall 2010). First, shifts in the balance of power may drive change. These include modifications in the distribution of resources or transformations within the larger environmental setting that alter power relations (Thelen 1999; Mahoney and Thelen 2010a).⁵⁴ Second,

⁵⁴ These balance-of-power shifts can be either exogenous or endogenous to the institutional setting (Mahoney and Thelen 2010a, 10).

compliance, in terms of the gap between policy formulation and enforcement, is an important source of gradual institutional change (Mahoney and Thelen 2010a). Indeed, interpretation of institutional arrangements is “often highly political and thus conflictual. Rules, even when formally codified, are never simply applied, but always interpreted, enforced, and enacted—and by actors with divergent and conflicting interests” (Conran and Thelen 2016, 65). Issues of compliance and power relations are closely linked, for “struggles over the meaning, application, and enforcement of institutional rules are inextricably intertwined with the resource allocation they entail” (Mahoney and Thelen 2010a, 11). When mandated rules are abstract, their ambiguity regarding practical implementation creates space for agency. These political dynamics may produce gradual institutional change.

However, these recent theoretical advances in the study of institutional change in historical institutionalism are mostly based on the study of formal institutions in advanced political economies. As such, they downplay the importance of informal institutions and overstate the strength of institutions (Levitsky and Murillo 2009; K. S. Tsai 2016).⁵⁵ This is particularly problematic for the study of developing and post-socialist contexts where informal institutions might play a larger role. Following Helmke and Levitsky (2004) and K. S. Tsai (2016), we know that informal institutions can be complementary, accommodating, substitutive or competing in relation to formal institutions. Two types of informal institutions can help make sense of non-state welfare provision in non-democracies: substitutive informal institutions, which can compensate for the gaps or dysfunctions of formal institutions; and complementary informal

⁵⁵ Kellee Tsai points out that “analyses of endogenous institutional change in varied political contexts reveal that the causal mechanisms of institutional transformation are often informal in character” (K. S. Tsai 2016, 270).

institutions, which can reinforce formal institutions by helping to remedy their shortcomings. In contexts that are characterized by gaps between formal institutions and the preferences or objectives of actors, institutional change is likely to take place through what Kellee Tsai calls “adaptive informal institutions” and defines as “regularized patterns of interactions that emerge as adaptive responses to the constraints and opportunities of formal institutions, that violate or transcend the scope of formal institutions, and that are widely practiced” (K. S. Tsai 2006, 125–26). These innovative coping strategies have been used in the case of reform-era China, where reformers such as private entrepreneurs used informal practices to engage in activities prescribed under the overarching socialist era regulatory and ideological constraints. Hence, layering and conversion, two categories of gradual institutional change proposed by Mahoney and Thelen (2010) which I draw upon in this dissertation, can be understood as “non-confrontational, *informal* means to introduce alternative rules” (K. S. Tsai 2016, 274, emphasis in original).

In sum, institutional change is now understood as being not only shaped by antecedent conditions, institutional legacies and slow-moving macro-historical factors, but also as resulting from strategic choices made by policy actors at specific conjunctures, a shift in the balance of power in a given political economy setting, or the gap between policy formulation and enforcement (Mahoney and Thelen 2010). While institutional change is path dependent—that is, past events/decisions and existing institutional configurations condition the range of possible outcomes and the agency of actors—actors are nevertheless able to design, use, and adapt existing institutions and ideas in order to solve political problems, within the context of prevailing institutional settings. Institutional change is however rarely deterministic; instead, it is often a gradual and experimental process that takes place through various mechanisms of change

and entails unintended processes (Mahoney and Thelen 2010a; Conran and Thelen 2016).

Overall, historical institutionalism and theories of gradual institutional change provides valuable middle-range analytical tools to understand the transformation of social policy regimes and the role of non-state providers in welfare regimes as well as the effects of state transformation on the adoption and implementation of social policies (Cammatt and Sasmaz 2016). If those insights are important for a study of the emergence and institutionalization of non-state welfare provision in China's authoritarian context, they need to be understood within the context of social policy and state-society relations in authoritarian contexts.

3.3 The Logic of Social Policy in Authoritarian States

Although authoritarian rulers are assumed to lack the disposition (the normative commitment to notions of social rights) or incentives (the political need to appeal to voters) for universalistic distribution and welfare provision, recent research has identified several insights as to why authoritarian states provide public goods and social welfare. In this section, I posit that social policy can contribute to the durability of authoritarian states by helping secure collective acquiescence and the co-optation of both elites and social forces.

Authoritarian leaders design distributive policy and dictate private and public goods provision aimed at elites and core constituencies for the purpose of political stability and regime survival (Acemoglu and Robinson 2006; Gandhi and Przeworski 2007; Svobik 2012). Redistributive and social welfare policies are “carrots” used to garner public support, secure party loyalty, and maintain political stability. Authoritarian rulers may also use nominally democratic institutions, such as parties and elections (in the case of competitive authoritarianism) to buy support from

elites and key segments of the population through the hierarchical assignment of benefits and patronage (Gandhi 2008; Svolik 2012). Distribution and the provision of public goods may be limited and mainly for the core groups or constituencies whose support matter to those in power, such as elites, civil servants, or the military (Svolik 2012). This co-optation mechanism can also be targeted at the mass population. For instance, Communist regimes in China and Russia, as leftist authoritarian regimes, dictated a social contract—an “implicit exchange between the regime and the populace”—that included social services, housing, various goods and services, and jobs (L. J. Cook and Dimitrov 2017). Likewise, in East Asian developmental states social policy was gradually expanded to secure of loyalty of key constituencies (Hwang 2012).

Second, social and distributive policies are used as a response to claims-making activities by citizens (bottom-up pressure). In this view, public goods and services are provided to constituencies or social groups which have acquired political leverage. For instance, in the case of China, social policies have been aimed to urban areas because large-scale and regime-threatening collective action is easier in urban areas (Wallace 2014). Another example is tax relief and the redirection of financial resources to Chinese peasants following increased social unrest in the countryside in the 1990s and 2000s (Feng and Su 2012). China has seen significant social unrest and frequent popular protests since the 1990s (Lee 2014; Lorentzen 2013; O’Brien 2008; Cai 2008), which have incentivized local officials to increase the provision of social welfare, and the central government to improve and expand the overall welfare system (Frazier 2010; C. K. Chan 2016; Shou 2017; L. J. Cook and Dimitrov 2017).

Third, policy performance and the quality of governance—understood in terms of economic development and provision of public goods and welfare—enhance the legitimacy (“public

support”) of authoritarian states and symbolically signal the benevolence of their rulers (Croissant and Wurster 2013; Y. Zhu 2011; Dickson et al. 2016; Lü 2014).⁵⁶ In the case of China, scholars point out that with the demise of Marxist ideology the CCP has come to rely on performance legitimacy (e.g., H. Yang and Zhao 2015; D. Zhao 2009). In this view, “government performance stands alone as the sole source of legitimacy in China. If the state becomes unable to live up to popular expectations, the government and regime will be in crisis” (D. Zhao 2009, 428). Similarly, Carolyn Hsu points out that the prevailing official *suzhi* narrative in post-Mao China, which has focused on the role of the government to improve the livelihood outcomes of the population as the basis for political legitimacy, creates strong incentives for the improvement of policies and welfare (C. L. Hsu 2021).⁵⁷ In sum, the quality of governance, understood in terms of the provision of public goods and social welfare matters for the regime’s legitimacy. Finding solutions to increase the supply of social welfare and services is thus an important component of authoritarian legitimation—which is a process that “seeks to guarantee active consent, compliance with the rules, passive obedience, or mere toleration within the population” (Gerschewski 2013, 18).

These views on social policy in authoritarian contexts share a general tendency to conceptualize the use of social and distributive policies from the perspective of quasi-democratic aims of securing popular support through the provision of material benefits (Fenner and Slater 2017). Although the relationship between authoritarian regimes and their societies can be characterized as transactional, Fenner and Slater (2017) argue that the widespread provision of welfare—what

⁵⁶ Following Gerschewski, legitimacy is the outcome of legitimation (Gerschewski 2013, 18). Also see Gerschewski (2018).

⁵⁷ For a succinct presentation of *suzhi* ideology, including its origins and implications, see Hsu (2021, 27-30).

they call “comprehensive distribution”—may also help increase the durability of authoritarian regimes by preventing the emergence of political pluralism and of organized opposition. Their logic works at both elite and mass levels. At the elite level, the state can displace alternative service providers and thus limit the development of oppositional spaces and organizations. At the mass level, the extension of benefits and services—such as through the development of a welfare state—renders citizens legible, because it entails the collection of enormous amounts of data and the penetration of state agents into everyday life. In other words, it enhances the infrastructural power of the state (Fenner and Slater 2017; Mann 1984; Scott 1998). Finally, “comprehensive distribution” (Fenner and Slater 2017) and “coercive distribution” (Albertus, Fenner, and Slater 2018) enmesh citizens in relationships of material dependence, modifies their strategies of survival, and changes their expectations about the *realm of the possible*. There is thus an underlying coercive element at play, whereby generous social policies can coercively affect the ability of citizens to challenge authoritarian regimes collectively and successfully.⁵⁸ Similarly, Jennifer Pan theorizes “repressive assistance” as a form of more targeted welfare provision (China’s *Dibao* social assistance program). Pan explains that, “In repressive assistance, the distribution of benefits serves to make the recipients more legible to the state, more amenable to manipulation, and ultimately not only less willing but *less able* to engage in the activities the regime wants to suppress” (Pan 2020, 16, emphasis in original).

⁵⁸ In this view, the political motivations underlying social policy in authoritarian contexts include but go beyond the transactional logic on which collective acquiescence, co-optation and performance legitimacy are premised upon. Fenner and Slater argue that “Legibility, dependence, narrowed political horizons, and the marginalization of alternatives [which result from comprehensive distribution] can forestall, hamper, and help defeat organized political opposition to authoritarian rule” (2017, 25).

Authoritarian states thus have several reasons to engage in social welfare provision and thus, if needed, to displace non-state providers. For example, China's new PRC regime in the early 1950s chose to displace non-state providers—a “large and well-established voluntary sector” existed at that time—for the purpose of political control (Dillon 2011, 144–47). However, as presented in the next section, under certain conditions authoritarian states might tolerate and even encourage the work of non-state providers for the implementation of policies and the improvement of public welfare and governance.

3.4 Non-State Provision and State-Nonstate Collaboration in Authoritarian States

Why do authoritarian states sometimes rely on non-state actors? Recent scholarship on the sociology of the state, state transformation, and informal institutions provide important theoretical clues that the outsourcing of responsibilities and functions to non-state actors might under certain conditions enhance the authority and power of the state and its ability to accomplish various projects.

The literature has long been concerned on the issue of how states develop and maintain their capacities to maintain order and govern (Morgan and Orloff 2017). Especially important is the concept of infrastructural power, the “capacity of the state to actually penetrate civil society, and to implement logistically political decisions throughout the realm” (Mann 1984, 189).

Infrastructural power refers to the institutional capabilities of the state to exercise power and implement policy choices within the territory as well as the regulation of society through organizations and institutions of control that link the state with local communities. The concept of infrastructural power captures “how the exercise of state power shapes the society it controls,

delineating its effects on the actions, and even the identities, of societal actors” (Soifer 2008, 236). This aspect focuses on the “weight of the state” and lends itself to considering the implications of state-led reforms on governing practices and power relations; this includes registering citizens and social organizations to render them legible and cultivating their dependence on the state (Slater and Fenner 2011). Drawing on Scott (1998) and Loveman (2005), Rodríguez-Muñiz argues that community leaders can contribute to the orchestration of state legibility through consent building, which is a process by which they mediate between state projects of knowledge production and the problems of compliance and cooperation from among the governed (Rodríguez-Muñiz 2017). If state power is understood as interactive and relational (Lee and Zhang 2013), state capacity is also shaped by its relationships with civil society and the degree of state embeddedness into society. For instance, research on developmental states has demonstrated that state-society embeddedness facilitates policy implementation, links social actors to the regime, and feeds information from different social groups back into governmental policymaking processes (Evans 1995). Other studies find that “street-level bureaucrats who are embedded in the communities in which they serve produce better policy outcomes” (Pepinsky, Pierskalla, and Sacks 2017, 7). Recent work on state transformation and contemporary developmental states emphasizes the importance of state-society relations beyond industrial elites—which were the focus of seminal work on developmental states. Given the links between human development and economic growth in contemporary societies, achieving successful developmental outcomes requires broad-based state-society embeddedness (Evans and Heller 2015), which is achieved for example through the development of networks and linkages between various civil society groups and the state and the promotion of co-production and collaboration in public goods and welfare provision (Evans and Heller 2015, 707–8).

Recent scholarship of the state has moved “away from conceptions of states as unitary actors and toward an understanding of states as encompassing multiple institutions, varying forms of interpenetration with civil society, multiple scales of governance, and multiple and potentially contradictory logics” (Morgan and Orloff 2017, 3). Gaining insight into what the state actually is requires “examining the real-world practices of governance—the mix of public and private... actors charged with implementing policies and the nature of their relationship, the responsibilities of national versus subnational layers of government in program delivery” (Morgan and Orloff 2017, 9–10).

Non-state actors and state agencies and actors can collaborate with each other to accomplish different objectives. Some scholars argue that state building can be (partially) outsourced to non-state actors (Brass 2014; Cammett and MacLean 2014).⁵⁹ In particular, states often delegate to and rely on non-state and subnational actors to implement policies and deliver services (Morgan and Campbell 2011; Cammett and MacLean 2014). States often need social institutions, sometimes informal, to implement policies and provide for the public welfare.⁶⁰ Lily Tsai, for instance, showed that informal social institutions, such as community solidary groups, can be effective in the provision of public goods, and thus enhance governance outcomes (L. L. Tsai 2007). Because they act as a conduit between the state and citizens at the local level, these social intermediaries may positively affect welfare outcomes and enhance citizens’ access to benefits and services, while extending the effective reach of the state (L. L. Tsai 2011). As noted by Tsai

⁵⁹ Similarly, Ong argues that local Chinese states frequently make use of privatized coercion to subjugate recalcitrant societal actors. This strategy, given specific scope conditions, might help enhance state (coercive) capacity through the subcontracting of coercive capacity (Ong 2018).

⁶⁰ Following Helmke and Levitsky (2004)’s typology of informal institutions, Kellee Tsai out that informal institutions can be substitutive or complementary rather competing, to formal institutions (K. S. Tsai 2016).

(2017), delegating welfare provision and some state functions to nonstate and quasi-state actors may not only “save the state time and money, but it can also socialize citizens out of expecting the state to take responsibility for public goods provision” (L. L. Tsai 2017, 314). She calls this strategy “governance on the cheap”. Following this line of thought, the selective reliance of non-state providers provides several potential advantages to the Chinese central and local states. In sum, the projection of state power can be supported through the use of private, nonstate actors. While societal actors, such as community leaders and NGOs, can support the accomplishment of different kinds of state projects, state actors may require the support of social actors to govern and achieve their objectives.

Nevertheless, an analysis of state-nonstate collaboration must be sensitive to dynamics and strategies of political control that authoritarian regimes deploy to secure the acquiescence of societal forces and maintain control over civil society (Hassan, Mattingly, and Nugent 2022; Mattingly 2019; Gerschewski 2013; Heurlin 2009; Schedler 2009).⁶¹ The promotion of state-nonstate collaboration and the increased reliance on non-state welfare providers under authoritarianism likely entails strategies of *political control* that are “engineered by political leaders to ensure widespread compliance with state policies and to minimize political resistance” (Hassan, Mattingly, and Nugent 2022, 156) as well as forms of *institutional containment*, which are understood as “subtle and indirect strategies of control” that aim at limiting or managing political pluralism and preventing the emergence of uncontrolled social forces (Schedler 2009). Hence, the changing reliance on NGOs by China’s authoritarian party-state must be understood not only in light of the abovementioned theoretical insights on state power and state-nonstate

⁶¹ It is important to remind that after all, “authoritarian institutions’ primary task is to ensure not societal *access*, but *acquiescence*” (Kasza 1995, in Slater 2010a, 135, emphasis in original).

collaboration, but also through the logic of control. Authoritarian states might seek to benefit from the contribution of non-state providers in improving the provision of public welfare and the quality of governance, while designing, repurposing, or adapting a corresponding set of institutions and governing techniques to facilitate their alignment with state goal—and thus containing the growth of the undesired segments of civil society. As argued in this dissertation, in the Chinese case these strategies aim at simultaneously empowering and controlling select domestics NGOS in order to bolster their service provision role but diminish their disruptive capacity and rights advocacy work.

3.5 The Reliance on Non-State Welfare Providers in China

As stated above, this dissertation relies on insights from evolutionary historical institutionalism to conceptualize and explain institutional change and continuity. This dissertation argues that a number of critical factors explain the reliance on non-state welfare providers by the Chinese state. Scholars have convincingly demonstrated that the expansion of non-state welfare provision must be understood in the context of broad and interrelated processes of contemporary state transformation, decentralization, market reforms and the global spread of neo-liberal ideas (Cammett and MacLean 2014; see also Morgan and Campbell 2011). In the case of the changing reliance on NGOs by the Chinese state, three specific factors must be considered: decentralization, international influences, and authoritarian consolidation. In so doing, an analytical distinction is made between the initial experimentation with, and incremental spread of, government service contracting to NGOs, and the later institutionalization of state-NGO collaboration by way of government purchase-of-service contracting and concomitant regulatory changes during Xi Jinping's first mandate.

Decentralization and International Influences

What explains the emergence of non-state welfare provision in China towards the end of the 1990s? Why did local officials in certain localities began experimentation with outsourcing to NGOs? In the case of China, decentralization during the late 1990s and 2000s helps explain the willingness of local governments and officials to experiment with policies and the outsourcing of the provision of non-core public goods and social services to social organizations (NGOs). Decentralization is typically viewed as a way to make government more responsive and efficient, due to lower transaction costs, less acute information problems, and stronger incentives to efficiently provide goods and services at the local level (Bardhan 2002). It is well established that an important component of China's economic reforms in the 1980s and 1990s was the decentralization of fiscal policy and welfare functions to local governments (e.g., Frazier 2010; Montinola, Qian, and Weingast 1995). Although China is a unitary state under the domination of the CCP, local governments (at the provincial level and below) bear most of the responsibility for the provision of public goods and services. Under China's de-facto fiscal federalism (Montinola, Qian, and Weingast 1995), decentralization reforms of the 1990s increased administrative and economic responsibilities. It brought several issues. As a result of fiscal and administration decentralization, local governments bore most of the burden of social welfare but received little resources by way of fiscal transfers from the center (Frazier 2010, 36). Local governments found themselves unable to meet the growing needs of the urban population. Hence, decentralization led to policy failures and gaps in welfare provision. Decentralization combined with China's meritocratic promotion system for government officials and created incentives to develop innovative solutions, with the aim to increase the supply of public goods and services. In China, the promotion of officials depends on performance according to the cadre

accountability system, which steers party officials towards desired developmental objectives by emphasizing performance criteria such as economic growth, public goods provision, and stability maintenance as conditions for advancement (Edin 2003; Landry 2008; Shambaugh 2008).⁶²

These promotion criteria have expanded over time to address new socioeconomic problems (Ang 2016, 172–78; Fewsmith and Gao 2014). Hence, decentralization led to the search for policy solutions to mounting governance problems, including the failure to provide sufficient public goods and services (Teets 2012; 2014). Likewise, “street-level bureaucrats” at the very local level were also given space and incentives to innovate with locally-tailored solutions to governance problems (Ang 2016, 108–9). The process of policy learning and adaptation took place through the (selective) diffusion of ideas and models and under what scholars call “experimentation under hierarchy” (Heilmann 2008; Perry and Heilmann 2011; Teets 2013; 2016).

International influences, both in terms of events and ideas, also played an important role in shaping China’s social policy change by way of policy learning and the transnational diffusion of ideas (Teets 2013; Duckett 2019). As mentioned previously, CCP regime elites sought to understand and learn from the collapse of the Soviet Union (Shambaugh 2008). Furthermore, the experience of Colour Revolutions in the former Soviet Union Republics shaped the ideas surrounding the debate on China’s emerging civil society (Teets 2013; A. L. Chan 2022, chap. 9). Research shows that China was influenced by policy experiences from both democracies and other authoritarian regimes (Koesel and Bunce 2013). China during the reform-era sought to learn from various international models, especially from economically advanced countries (e.g.,

⁶² Local governance structures are explained in greater detail in chapter 4. Chapter 6 looks at the concrete incentives of local officials regarding service provision and NGOs.

Gewirtz 2017). Reform-era China has also been the recipient of international development support. As examined in chapter 5, international organizations such as the Asian development Bank (ADB) and the World Bank as well as international NGOs working in China promoted various ideas regarding social development, the role of market mechanisms, and the potential of non-state actors to contribute to public goods and services provision through procurement mechanisms. An important example was that of the work of the ADB on public procurement (Jia and Su 2009). Another is the emergence of NPI, an important and influential Chinese NGO that was initially funded by the Ford Foundation (see chapter 6). Hence, China was influenced by broader trends and the diffusion of ideas and models, including notions of public-private partnerships and the emphasis of neoliberal-inspired market reforms (Pieke 2012; Cho 2017; Duckett 2020). International influences (both in terms of important events and ideas) thus played a role in motivating policy reforms and providing content for these reforms—i.e., ideas and models to experiment with, and adapt to, China’s domestic socio-economic circumstances and political context.

Authoritarian Consolidation

If decentralization and international ideas underlay the initial emergence and incremental spread of the contracting out of public goods and service provision to social organizations as an informal means to cope with welfare gaps, what explains the subsequent institutionalization of government purchase-of-service contracting and concomitant regulatory changes latter on? This dissertation emphasizes the causal impact of *authoritarian consolidation* in changing reliance by the Chinese state on NGOs through the gradual institutionalization of the contracting framework.

Authoritarian consolidation can be understood as “a deliberate state project to improve a regime’s capabilities for governing society” (Göbel 2011, 176). It is as a multifaceted process of political change and a set of strategies shaped by contextual factors aiming at increasing the staying power of the state. The concept of authoritarian consolidation starts from the premise that authoritarian states face various problems of governance, including public goods and welfare provision and stability maintenance, for which the use of coercive power is not the most efficient solution.⁶³ The goal of the consolidation process is to secure broader and less costly range of options to govern society and consolidate hold on power (Göbel 2011).⁶⁴ As noted previously, the logic of authoritarian state building stems from the insight that the state is the main tool at the disposal of an authoritarian regime (Slater and Fenner 2011), especially those characterized by party-state complexes, such as China. State capacity is closely linked with the durability of authoritarian regimes (Way 2008; Levitsky and Way 2010; Slater 2010b).⁶⁵ For instance, Dan Slater demonstrates convincingly how the presence of existential threats due to internal political contention and risks of popular uprising incentivized the elites to engage in a state-building process which explains the durability of authoritarian regimes in Southeast Asia (Slater 2010b). The drive to improve capabilities is closely interconnected to problems of governance and to the adaptation of institutions that allows solving “the concrete problems of redistribution and policy making that motivate regime behavior” (Pepinsky 2014, 631).

⁶³ Coercion and the use of force are often blunt, costly and ineffective (e.g. Gandhi and Przeworski 2007).

⁶⁴ Göbel (2011) argues quite convincingly that many of the features of democratic consolidation in (Linz and Stepan 1996, 24) actually apply to both democratic and authoritarian regimes. Moreover, whereas “modern democracy [...] needs the effective capacity to command, regulate, and extract” (Linz and Stepan 1996, 11) which in turn requires a capable state, I would also point out that modern authoritarian regimes arguably share the same requirements to endure.

⁶⁵ This dissertation does not make a robust distinction between state and regimes—a reasonable analytical move considering the empirical case at hand (contemporary China under the rule of Chinese Community Party). In China, a strong ruling party dominates the state and seeks to penetrate and control society in multiple ways. I use the term Chinese “state” rather than the “party-state” to refer to both the Chinese Communist Party and to governmental organs.

For Göbel (2011), the process of authoritarian regime consolidation entails the substitution of despotic power (the power to repress and coerce) for two other types of power: discursive power (the power to frame narratives that help secure the active compliance, complicity, and self-regulation of citizens) and infrastructural power (the power to regulate society through organisations and institutions) which provides regime elites with a broader and less costly range of options to govern society and consolidate their hold on power (Göbel 2011). Increasing infrastructural power is contingent upon the (selective) inclusion or co-optation of social actors to facilitate the implementation of state policies and projects of governance, and the design, repurposing, or adaptation of a corresponding set of institutions to facilitate the alignment of social actors with state goals.⁶⁶

Authoritarian consolidation is premised on the deliberate intentions of regime elites to secure their ruling position (Göbel 2011, 182) by adapting and improving their ability to govern in the face of challenging circumstances. Authoritarian states consolidate power by designing new institutions, changing the purpose of existing ones, and trying new institutional practices in order to enhance their ability to govern and regulate social actors, and to benefit from their contributions in policy implementation. As a set of strategies, the goal of this consolidation process is to secure broader and less costly range of options to govern society and to consolidate regime rule. As explained by Shambaugh,

[the] political hybrid that the CCP is attempting to become today is born out of its study of the reasons that the Soviet and East European regimes collapsed but also very much informed of its study of other modernising and newly-industrialised states, particularly in East Asia, Western Europe and Latin America. (Shambaugh 2008, 6)

⁶⁶ As pointed out by He and Warren, “rule through command and control is likely to be dysfunctional because it is insensitive to information and learning, and will fail to generate legitimate agreements that motivate participants” (He and Warren 2011, 280).

This is consistent with frequent portrayal of the Chinese party-state as adaptive and responsive, because it has encouraged policy experimentation under the hierarchy of the state and attempted to learn and adapt from various experiences at home and abroad (Shambaugh 2008; Heilmann 2008; Perry and Heilmann 2011; Teets 2014; Heberer 2016). With a policy process that is interactive and adaptive, China has demonstrated “a shift of the development model marked by a fostering of policy innovations [...] and the ability to steer the economy and society by institutionalization and guidance” (Heberer 2017, 158). This process of institutional adjustment during China’s reform era consisted of incremental changes taking place within China’s fragmented political framework (Mertha 2009; Lieberthal 2004). This openness to observation, experimentation, and replication of successful models was institutionalized in China’s governing structure (Perry and Heilmann 2011).

As mentioned previously, democratization was causally related to social policy transformation in Asian developmental states (J. Wong 2004).⁶⁷ While China was often portrayed as a developmental state (S. Zhao 2010; Knight 2014; Heberer 2016), its authoritarian political regime has provided the institutional context in which institutional change in social policy and civil society have taken place. Authoritarian consolidation might thus, potentially, be functionally analogous to democratization in terms of having an endogenous causal impact on institutional change.

⁶⁷ Democratization opened the policymaking process to more actors, and changed the incentives structures under which both new and old policy actors operated, overall thus leading to pressures for greater welfare provision (Aspinall 2014; J. Wong 2004).

Authoritarian consolidation thus refers to an attempt at improving the capabilities for governing society. Under Xi Jinping, the process of authoritarian consolidation has been characterized by several strategies, including wide-ranging ideological and disciplinary campaigns targeted at both party-state apparatus and society (A. L. Chan 2022; S. Zhao 2016; Yuen 2014), the expansion of party control over the economy and society, and regulatory reform (e.g., Economy 2018). Authoritarian consolidation provides a macro-level causal factor for endogenous institutional change.

3.6 Discussion and Conclusion

This chapter has provided the theoretical underpinnings needed to understand institutional continuity and change as well as the political logics of social policy and state-nonstate collaboration in authoritarian contexts. With these insights in mind, China's changing reliance on non-state welfare providers—a form of gradual institutional change—is causally linked to decentralization, international influences and authoritarian consolidation.

Authoritarian states need to solve various concrete problems of governance, which includes the implementation of policies and the provision of public welfare in order to secure the acquiescence of the population. Postsocialist China has simultaneously undergone market reforms, socio-economic transformation, and urbanization. The concomitant pluralization of Chinese society, and of the sources and resources of power, has posed several important governance problems to the CCP, as it sought to face a host of issues (e.g., demographic aging, environmental degradation, inequality) calling for a more inclusive and sustainable model of development. After all, the maintenance of “performance legitimacy” as a basis of regime

continuity remains contingent on its ability to deliver continual enhancement of living conditions and solve these challenges.

As discussed in this chapter, non-state actors can support the realization of various state projects. While authoritarian states might benefit from their contribution in the implementation of state policies and the provision for the public welfare, they however need to make sure that the interests of these non-state actors are aligned with those of the state or, at the very least, to secure their compliance or acquiescence. This top-down perspective presumes that authoritarian elites may choose strategies to solve governance problems and stay in power, and thus lends itself to a consideration of both structure and agency. It is also consistent with the mainstream scholarship in comparative authoritarianism focusing on the design of authoritarian institutions and their effects on regime stability and durability, and with more recent investigations of the deployment of new modes of governing and practices of power in China (Shue and Thornton 2017b).

This dissertation builds on these accounts, but also differs in important ways. First, the evolutionary approach taken in this account of change pays attention to mechanisms and sequencing of gradual institutional change, gives weight to the role of both structure, contingency and agency, and takes institutional complexity seriously. Institutional complexity allows room for agency of various kinds of actors and makes policy entrepreneurship possible (Slater 2010a; Mahoney and Thelen 2010a; O. A. Lewis 2020). It also opens up the possibility for local variation and unintended consequences of evolving institutions. Finally, recognizing that institutions usually come as part of a larger institutional patchy assemblage also helps direct

attention to power dynamics and agency inherent in institutional change (Gerschewski 2021, 230).

Second, this dissertation recognizes the multi-layered nature of the Chinese state. The Chinese party-state is not a unitary actor; political preferences amongst elites within the different party and state agencies may vary; and actors responsible for policy implementation (especially at the local level) have considerable discretionary power to implement central mandates, as chapters 4 and 6 will explain in more depth. This can lead to local variation in policy implementation within the confines of the broad general framework. Moreover, as pointed out by (Shue and Thornton 2017a, 5), several studies on China's authoritarian resilience have revealed the presence of elite contestation and of a wide range of opinions about the direction and optimal sequence of institutional adaptations and reforms—or at least, prior to Xi Jinping's disciplinary and ideological tightening (e.g., A. L. Chan 2022). It is thus crucial to pay attention to the interplay between structure, contingency and agentive strategies within the context of China's complex institutional arrangements for NGO management and social policy making and implementation.

Third, this dissertation understands the changing reliance on NGOs by the Chinese state through government purchase-of-service contracting as a form of gradual institutionalization. Drawing on Mahoney and Thelen (2010), I argue in this dissertation that in the context of China's institutional complexity, three modal types of institutional change, drift, layering and conversion, occurred as a response to China's fragmented policy making process, decentralized policy implementation, and the competing objectives and gaps between official rules and actual implementation. The next chapter (chapter 4) will provide a description and analysis of the

institutional legacies that have shaped China's social policy transformation and the involvement of its nonprofit sector in social welfare provision. It also explains the institutional and organizational structure regarding social policy making and NGO management. Dynamics of change will be examined at the national level (chapter 5), the local level (chapter 6) and at the NGO level (chapter 7). More specifically, chapter 5 will provide a detailed analytical narrative of the process of change underlying the changing reliance by the Chinese state on NGOs for service provision at the national level. It will take macro-level to describe the relevant reforms and factors that have shaped the process of change at the intersection of China's social policy and civil society from Deng Xiaoping to Xi Jinping. Chapters 6 and 7 focus on the institutionalization and implementation of the government purchase-of-service contracting policy at the local levels under Xi Jinping and on the concomitant regulatory framework. They also consider the incentives and constraints faced by both local officials and NGOs, respectively, and analyze various implications and limitations.

Chapter 4

Institutional Legacies and China's Social Policy Making Process

This chapter provides an overview of important institutional legacies of non-state welfare provision and social policy from pre-1978 China. As will be seen, China has competing historical legacies; the considerable involvement of the non-state sphere in welfare provision before 1949 was replaced in the Maoist era with near complete displacement of independent, not party-aligned, third sector organizations. Taking stock of these important legacies helps better understand the incremental involvement of the nonprofit sector in social welfare provision amidst China's broad social policy transformation after 1978. This chapter also provides the analytical building blocks to understand social policymaking and NGO management in contemporary China, including a short overview of the fragmented policy making model and of the main party and state organs tasked with or involved in the social policy process.

4.1 State and Non-State Welfare Provision in Republican and Maoist China

Institutional legacies of pre-1978 China have had important impacts on the trajectories of China's social policy reform and NGO management. After a short overview of state-nonstate collaboration in welfare provision prior to 1949, I examine crucial legacies in the realm of social policy from the Maoist era (1949-1976) during which independent non-state providers were displaced, while socialist yet unequal redistributive institutions were put in place by the Chinese Communist Party.

Early Contribution of Non-State Providers in Late Imperial and Republican China (from the End of the 19th Century to 1949)

The Qing dynasty entered a period of decline around 1830 that culminated in collapse during the 1911 revolution. Characterized by a relatively low level of taxation and the reliance on local elites for the implementation of state policy, institutions of the imperial state proved unable to face the myriads challenges—including rising social tensions, poverty and rebellion in the countryside, environmental catastrophes, economic crises, and external aggression—that arose during the 19th century (Mühlhahn 2019; Fairbank and Goldman 2013).

While the imperial state was expected to provide for the basic public wellbeing and welfare (*fuli*) of the population and contribute to relief efforts during emergencies,⁶⁸ state-making in late Qing and Republican China was nonetheless closely linked with state-society collaboration (P. C. C. Huang 1993). Interestingly, late imperial China did have various kinds of non-government organizations, or social organizations, including charitable organizations (e.g., mutual help societies, local cooperatives), professional associations (e.g., guilds, chambers of commerce), churches and temples, academic organizations (e.g., reading groups), secret societies and triads, foreign missionary-funded philanthropic and humanitarian activities, artistic groups (Simon 2013).

State-nonstate collaboration for the enhancement of public welfare was frequent during the late imperial era. For instance, private associations and commercial elites (e.g., merchant

⁶⁸ Historians note that “Qing China maintained a complex system of social welfare that dwarfed its counterparts in Western premodern states. Its task was to maintain subsistence levels for people in urban and rural areas in times of distress. This would also ensure social stability and prevent unrest” (Mühlhahn 2019, 133).

associations, chambers of commerce) in late imperial China and Republican China often worked with the state for “the provision of services, the maintenance of relief organizations, the mediation of disputes, and the like” (P. C. C. Huang 1993, 229). Dubois (2017) points out that the ideas of the public good/welfare (*gongyi*) being a responsibility of the state and the expectation that social and private actors (local elites) contribute to it, either by supporting state projects or through private charity, was firmly established in late imperial China. Merchants and gentry frequently provided charitable donations and disaster relief (Mühlhahn 2019, 133). The Chinese central state relied on local elites and social actors to take care of public welfare for the maintenance of stability and social cohesion at the local level but also the promotion of Confucian morality seen as beneficial to public order (Fairbank and Goldman 2013, 351–54). As explained by Mühlhahn,

[In] “the late nineteenth century, there were numerous charitable associations, large and small... To provide these welfare services, the Qing state relied not only on public funds... but also on private contributions for charitable associations by local elites. Most of these charities were designed specifically for the care and shelter of the poor and relief of human suffering broadly understood.” (Mühlhahn 2019, 133)

Charity organizations took several forms, such as charitable halls (*shantang*) that dealt with people in distress, poorhouses (*pujitang*), orphanages (*yuyingtang*), Buddhist soup kitchens (*zhouchang*), free clinics and health-focused associations, and suburban refugee relief stations. (Mühlhahn 2019, 133–34)

Towards the end of the imperial era (late 19th century to the first decade of the 20th century), the provision of social welfare underwent major changes. First, the arrival of Christian missionaries and foreign charities and their involvement in disaster relief and other social areas greatly influenced domestic Chinese elites’ efforts improve the provision of welfare and relief efforts

(Dubois 2017, 31–32). Meanwhile, the influx of capital, ideas, technologies, and institutions in China’s treaty ports were changing rapidly the fabric of social life in urban centres (Mühlhahn 2019, 107–19). Following a series of military defeats, China was forced to grant extrajudicial rights to imperialist powers and allowed foreign concessions in treaty ports. These coastal cities rapidly underwent major intellectual, social, and economic transformations. To be sure, in the late 19th century and early 20th century, China’s treaty ports—most prominently Shanghai, seen by historians as the “cradle of the development of Chinese civil society”—underwent institutional changes in various areas of commercial, social and associational life (Mühlhahn 2019, 119). Political elites in the late imperial era often managed the implementation of the governing agenda and the provision of public welfare not only through the apparatus of the state, but also by relying on or tolerating various non-state providers and social actors; these included local gentry leaders and merchant associations, private associations, new civil organizations, and charities (Carrillo, Hood, and Kadetz 2017; Dubois 2017; Mühlhahn 2019).

After a culmination of decades of gradual central state weakening, social unrest and failed attempts at economic and political reforms, the Chinese Revolution of 1911 led to the collapse of the Qing dynasty—the end of the imperial era—and the establishment of the Chinese Republic. However, national revolutionists under Sun Yat-sen did not have the backing of the powerful northern army and failed to unify the country under their control. The Qing withdrawal and the creation of the new Republic thus led to a power vacuum in several regions, resulting in the rise of warlords and the fragmentation of state power. Given the weakness and disunity of early Republican China, the provision of welfare was often dependent on foreign and private

charitable initiatives and the generosity of local warlords (Dubois 2017, 32–33). A large portion of social welfare was thus in effect delivered by non-state providers.

By the end of the 1920s, following a series of political maneuvers against the Communists and military campaigns against various warlords, the Guomindang (Nationalist Party) formed a new government and moved the capital to Nanjing. Under Chiang Kai-shek, the Nationalists had more or less succeeded in reunifying China through military campaigns against some local warlords and by co-opting others.⁶⁹ Nonetheless, the nationalist regime embarked on a process of institution building and attempted to exert greater control and regulation on the by-then large private charitable sector that had expanded significantly in the previous decades in large urban centers. It should be noted that the Nationalist regime was organized along Leninist lines and pursued political centralization and control over society and the economy, in spite of the low state capacity it had inherited (Mühlhahn 2019, 265).

In the 1920s and 1930s, a large number of private and non-for-profit welfare providers were active in urban China and civil society welfare provision had become widespread (e.g., Simon 2013; Dillon 2011). Under the Nationalist regime, the state pursued a corporatist approach that was premised on the establishment of clear rules (laws and regulations) for the nonprofit sector (Dillon 2011, 142). These rules included a registration process and regular reporting requirements and sought to incorporate third sector organizations. As pointed out by Dubois, from “the 1930s, it was clear that the government intended to be in charge of welfare provision

⁶⁹ While the Northern Expedition of 1926–1928 allowed Chiang Kai-shek to defeat or coopt most important local warlords, the reunification was partial at best due to the persistence of large warlord-led areas that were still only loosely integrated, and the continued resistance by the insurgent CCP (Mühlhahn 2019, 249).

as a whole, with private efforts to be directed and to some degree subsumed by those of the State” (Dubois 2017, 35). Notwithstanding the goal of political control, nationalist policy towards the third sector was also aimed at diminishing the influence of foreign religious groups and preventing fiscal mismanagement of private charities (Dubois 2017, 34).

Hence, during the late Qing and Republican periods, various kinds of non-state provider became prominent in social life as part of China’s transformation and broader modernization and helped filled the gap of insufficient state welfare. Meanwhile, a rich and diverse associational life burgeoned in treaty port cities—the coastal cities that had been opened to international trade and ideas since the middle of the 19th century.

The Collapse of Civil Society in Mao’s China (1949–1976)

China’s population suffered greatly from the devastation brought by the Sino-Japanese War (1937–1945) and the subsequent Chinese Civil War (1946–1949), which put the Nationalist regime under Chiang Kai-Shek against the CCP under Mao Zedong. Following the proclamation of the People’s Republic of China (PRC) in 1949, the CCP established a unified Chinese state and soon launched a social revolution—a rapid and dramatic transformation of China’s state and social class structures (Skocpol 1979). Through its vast militarized bureaucracy, land reform conducted as class struggle and massive political and ideological campaigns, the CCP rapidly extended its reach to a degree no previous regime had been able to (Walder 2015). The CCP, however, inherited an impoverished country that had been devastated by warfare.

The CCP in the early 1950s rapidly passed major social policy reforms to enhance welfare provision in both rural and urban China. The years that followed the establishment of the People's Republic of China saw massive improvements in people's livelihoods, as the new Communist regime was able to quickly achieve large gains in public provision, including in public health, education, housing, and social care (Carrillo, Hood, and Kadetz 2017, 6–8). The CCP built on the institutions inherited from the Nationalist regime but also on its revolutionary experience gained during the 1930s and 40s when resource distribution—such as land and basic social services—was key to build support and transform local society (Dubois 2017, 40). The CCP's new approach established the state as the sole welfare provider and displaced the non-state welfare providers that had operated under the Nationalist regime. In the 1950s, the state had monopolized social welfare provision and terminated the provision of welfare by civil society (Dillon 2011; Simon 2013; Dubois 2017).

During the first decade of the PRC, the CCP moved to eliminate all nongovernment organizations but those that the party directly supported. The new regime was concerned about activities and organizations outside the main political system as a potential political threat. As explained by Dillon, “the ultimate goal [of the CCP] was to eliminate the voluntary sector entirely, leaving only the continuation of revolutionary mass organizations” (Dillon 2011, 150). Accordingly, in 1950 the State Administrative Council issued the “Provisional Methods for Registering Voluntary Organizations” (Simon 2013, 152). Social organizations that were labeled “feudalistic” or “reactionary” were banned altogether. Further, similar to the regulations that had been put in place by the Nationalists, this new regulation required all social organizations to register with the state (with the then Ministry of Interior) and to commit to monitoring and

reporting. These measures, although never fully effective, sought to ensure compliance of what remained of the voluntary sector (Dillon 2011).

Registration was not an easy task. According to Nara Dillon (2011), whereas the Nationalist regime had sought to build a legal and institutional infrastructure to manage the voluntary sector, the CCP created and exploited ambiguity—e.g., by purposefully hindering registration—to weaken and ultimately control the vestiges of what had been a more vibrant third sector. By the early 1950s, what the CCP called “counter-revolutionary organizations”—private philanthropic organizations and religious charities, either domestic or those ran by foreign missionaries—had been eliminated through mass campaigns; and the surviving organizations had lost their independence and been brought to compliance (Dillon 2011). As Simon puts it, after “1949 and especially after 1953, independent social organizations were, for all practical purposes, outlawed or absorbed into the party-state system” (Simon 2013, 146).

Nonetheless, although the non-state, private provision of welfare and social services was virtually absent from the 1950s until the 1980s, the Maoist regime did rely on party-controlled mass organizations (*qunzhong zuzhi*) covering major social groups—e.g., the Communist Youth League of China, the All-China Women’s Federation—and established official labor unions and business federations.⁷⁰ Sponsored by and under the umbrella of party organs, organized along corporatist lines, and supervised by the United Front Department, mass organizations were “without exception, headed by and permeated with party cadres” and in effect, part of the party-state system (Simon 2013, 168). Moreover, mass organizations had (and still have) “official roles

⁷⁰ Official religious associations for the five state-sanctioned religions were also established. Their responsibilities included regulating the practice of religion. See Simon 2013, chap. 6, especially pp. 156–159.

in implementing state policy and providing services to their members” as they sought to link the party with the people (Dillon 2011, 148). Even in today’s China, mass organizations “are supposed to operate like transmission belts, passing down party policy while feeding the members’ views back up the system” (Saich 2021, 6).

Mass organizations were often mobilized during the mass campaigns occasionally launched by the CCP to achieve various political objectives (Dillon 2011). As explained by Karla Simon, mass organizations such as the All-China Federation of Trade Unions and the Communist Youth League of China “have been used as a means to penetrate the society at large, encouraging popular participation, mobilizing the masses, and integrating them into political life, as seen appropriate by the party” (Simon 2013, 169).

From the onset, the CCP exerted strict controls on society. Notwithstanding the regulations put in place to manage and control social organizations (especially registration laws and corporatist institutions), “mass campaigns were the key to Communist governance of the voluntary sector in the 1950s” (Dillon 2011, 145). Intermittent mass campaigns selectively targeted a subset of third sector organizations, attacked their legitimacy to erode their public support, and fostered uncertainty and legal ambiguity as a way to exert political control and achieve compliance. As pointed out by Dillon, the “episodic nature of the mass campaigns, combined with little or no foreshadowing of future targets (and little information about the CCP’s long-term plans for the voluntary sector) created considerable ambiguity” (Dillon 2011, 146).

The Anti-Rightist Campaign (1957) and the Cultural Revolution (1966–1976), two major campaigns of mass mobilization and ideological fervour, disrupted and threatened the existence of remaining social organizations. The chaos, violence and organizational insecurity brought by these two movements out of the CCP’s suspicion of counterrevolutionary threats led to the near destruction of both civil society and the legal system (Simon 2013, 167–83).⁷¹

As was mentioned above, prior to 1949, state-nonstate collaboration in social policy was prevalent. Numerous and varied non-state providers and associations had been active during the Republican era, especially in urban centres and coastal cities. If the CCP inherited a “large and well-established” third sector from the Nationalist state (Dillon 2011, 146), between the 1950s and end of the 1980s, the CCP imposed severe controls on the third sector that in effect either destroyed or subjugated them to the CCP regime. Other quasi-state mass organizations were managed under the strict authority of the party-state (Simon 2013; Dillon 2011). Hence, the CCP under Mao was able to “mobilize mass participation and enlist the resources and energies of social forces to achieve ideological and practical ends” (Thornton 2011, 257). In sum, between the 1950s and the late 1980s, all civil society organizations “were entirely part of the state and the party” (Simon 2013, 155).

⁷¹ Some of the features of mass campaigns would be continued during the rectification reviews imposed on the rapidly growing NGO sector during the 1990s and 2000s (Dillon 2011, 151–57). In fact, rectification movements (*zhengfeng yundong*) continued to take place within the party and state apparatus when urgent problems need solving (Cabestan 2014, 254). Two prominent examples of recent rectification movements are the anti-corruption campaign launched by Xi Jinping in 2012 (Yuen 2014) and the rectification on higher education that began in 2014, which aimed at promoting uniformity of party-approved thought and areas of research while punishing academics deemed too critical of China or favourable to so-called western liberal ideas (S. Zhao 2016).

Conflicting Historical Legacies of Non-State Welfare Provision

In sum, the decades that preceded China's reform and opening era (which would begin circa 1978) left competing legacies for the subsequent evolution of the third sector. On the one hand, China had a legacy of considerable state-nonstate collaboration from the late Qing and the Republican eras in welfare areas such as public health, education, poverty reduction, and disaster relief. On the other hand, in Maoist China, previously ubiquitous non-state providers were totally displaced as the CCP regime either destroyed or subjugated the third sector. At the onset of the reform and opening era (circa 1978), "there was virtually nothing left of the nascent civil society" that had begun to flourish in the first half of the twentieth century (Simon 2013, 183).

4.2 State Socialist Institutions in Maoist China

The social revolution carried out by the CCP after 1949 sought to transform China into a centrally planned socialist economy modelled after the Soviet Union. The Leninist political system was combined with an economic model founded on state ownership of the means of production and control over the economy (Walder 2015). Under the planned economy, the state provided a modest but comprehensive set of welfare benefits and services, albeit to a narrow urban-based segment of the Chinese population, most predominantly workers in state-owned enterprises and public institutions.

China's Maoist-era welfare system, despite its socialist pretension at egalitarianism—and although successful in many ways given China's limited level of economic development at the time—was characterized by the institutionalization of inequalities (Dillon 2015; Carrillo, Hood, and Kadetz 2017; Walder 2015). Inequalities and social policy more generally were shaped by

key institutions: the linking of welfare entitlements to work units (*danwei*), the household registration system (*hukou*) and rural-urban dualism. These institutions have not only shaped social welfare and inequality of the Maoist era; they have also influenced the path for subsequent social policy reforms.

To begin with, the CCP organized the welfare system around the productive (or work) unit (*danwei*). Under this system, access to public services and social welfare for city residents was organized through one's affiliation with a work unit (*danwei*), which included state-owned enterprises (SOEs), urban collectives, and public-sector institutions such as government offices, schools, and hospitals. Typically, almost all aspects of urban life were organized through and supervised by a *danwei*, including “housing, health care, recreational activities, rationed goods, and pensions” (Mühlhahn 2019, 392–93). As noted by Whyte, “The security of this employment package in state-owned enterprises (SOEs), often referred to as the ‘iron rice bowl,’ contrasted sharply with the insecurity of jobs, incomes, and much else before the revolution” (Whyte 2012, 230). Codified in the 1951 Labor Insurance Regulations (Mühlhahn 2019, 392–93), the *danwei*-based welfare system played a central role in the organization of Chinese society in urban areas and had important distributive consequences.⁷² Under this system, the provision of social welfare was occupationally and geographically determined. Urban society, to a significant extent, was comprised of self-contained communities (Walder 2015, 93).⁷³

⁷² It should be emphasized, however, that China under Maoist rule was a predominantly rural society, with less than 20% of the population living in urban cities, and thus affected by the *danwei* (Naughton 2007, 126–27).

⁷³ It should be noted that the CCP built upon early efforts by the Nationalist regime to organize the economy around state-owned enterprises and Chinese society around work units. Indeed, Mühlhahn observes that “almost a decade before the *danwei* became ubiquitous in Chinese society under CCP rule, the nationalists started to experiment with this form of social organization” (Mühlhahn 2019, 281).

Notwithstanding its socialist aspirations, this system was unequal and elitist, both in practice and by design. First, there was an important divide between urban and rural areas. Despite some notable achievements at improving welfare in rural areas such as the Rural Cooperative Medical System, the rural population remained largely excluded from the “iron bowl of welfare.” Income and other gaps between villagers and favoured urban residents became much wider than they had been before the revolution when no restrictions prevented geographical and social mobility. Under Mao, private markets were prohibited, and peasants forced to sell agricultural products at state-determined prices, which were very low. The CCP’s strategy was in effect to extract the surplus value from agriculture to finance the country’s industrialization. Ironically, the result of China’s rural revolution for the peasantry, which constituted over 80 percent of the population, was thus a system of *de facto* socialist serfdom (Whyte 2012, 230). Second, the responsibility for the welfare of the rural population rested on the rural communes (the people’s communes), whose resources were much more limited than urban-based work units. Hence, the rural population did not enjoy the same levels of access, coverage and welfare outcomes than the urban population (Whyte 2012). The Chinese welfare regime under Mao thus combined a dual track of institutional welfare provision organized around the work unit with limited residual welfare, need-based social services and assistance for those not eligible to an “iron rice bowl” (Xiong 2014, 40).⁷⁴

⁷⁴ For instance, social assistance was rudimentary outside urban areas, and “targeted primarily the most destitute and those from the appropriate social class background” (Carrillo, Hood, and Kadetz 2017, 8). Despite the socialist collectivist ideology, the family was expected to play a significant role in taking care of individual needs (Xiong 2014, 38).

Social protection under Mao was stratified and biased in favour of the urban-based, skilled workers, found in state-owned enterprises deemed to be of strategic importance (Shou 2017). While a given state-owned enterprise generally provided a fairly egalitarian resource (wages and benefits) allocation, work units across themselves “varied considerably in the resources at their disposal, which translated into differences in standard of living” (Walder 2015, 93). Welfare benefits were closely tied to the ownership structure and skills levels of firms (Shou 2017, 28). Given that welfare coverage and the generosity of benefits were a function of a firm’s strategic importance, size and capital intensity, workers in large, capital-intensive, state-owned enterprises in strategically important industries were comparatively privileged (Shou 2017).

Finally, the *danwei* played an important role in the implementation of central policies at the grassroots under the supervision of the party: “the *danwei* had to implement the political campaigns devised by the central authorities by organizing meetings, discussing policies, and mobilizing members” (Mühlhahn 2019, 393). The work units, along with mass organizations and the labelling of citizens according to their political standing and class origin, “served to compartmentalize society by dividing citizens into separate state-created categories, with different entitlements” (Mühlhahn 2019, 394). In sum, the *danwei*-based iron rice bowl of welfare was an important institutional legacy of the Maoist era in which state patronage and privilege were provided for the privileged workforce in urban China (Walder 2015).

Another crucial institution was the household registration (*hukou*) system, under which each citizen was attributed a place of residence at birth. The *hukou* system was in practice a sort of internal passport system that significantly pre-determined one’s livelihood possibilities and

access to public services and social welfare. The *hukou* restricted social mobility between urban and rural areas and acted as a mechanism of geographically based social stratification system hierarchically assigning access to welfare and public goods (F.-L. Wang 2005). From 1960, the enforcement of the *hukou* system was strict and prohibited rural-to-urban migration (Whyte 2012, 229).

A rich scholarship has explained how these two legacies have impacted the process of social policy change after the end of the Maoist era and into the myriads of structural transformations of the reform era such as market reforms, urbanization, large scale rural-to-urban migration and demographic change. For instance, China's social policy reforms during the reform era were designed to accommodate the interests of particular groups of vital political importance to the regime, such as urbanized and educated workers (X. Huang 2013; Frazier 2010).⁷⁵ Further, rural-urban dualism and the inequality of opportunities concomitant with the *hukou* system have continued to profoundly shape social policy in China, in particular migrant workers' access to welfare and public services (Wing Chan and Buckingham 2008; Leung and Xu 2015; Song 2014). *Hukou* registration has remained one of the main determining factors in one's eligibility to public services and welfare programs, such as children's education, medical insurance, housing subsidies, social security coverage. For the hundreds of millions of rural-to-urban migrants in China working and living in cities who do not hold official local urban residency

⁷⁵ For example, looking at health insurance reform, Duckett (2004) argues that welfare reforms during the 1990s tended to perpetuate the exclusion of some social groups, such as farmers, unemployed workers, dependents and others, while maintaining the privilege of government and state-owned enterprise workers (Duckett 2004).

status, access to several kinds of public goods (education and health) and welfare benefits, has remained more elusive, thus revealing significant gaps in provision.⁷⁶

In sum, behind the egalitarian façade and the pretension at building a revolutionary socialist utopia in Mao's China, the newly created redistributive institutions under state socialism, underpinned by the household registration system (*hukou*) and the work unit (*danwei*) and combined with population control and immobility, resulted in social inequality. Put simply, "China at the end of the Mao era was, in reality, a highly unequal and unfair society" (Whyte 2012, 229).⁷⁷ These legacies have shaped the trajectories of post-1978 social policy reforms and their impacts and they provide useful context for the process and dynamics of change to be examined in the next chapters.

4.3 China's Governance Structures

This section provides an overview of China's governance structures and related institutional organization for social policy making and implementation, including local government powers. Identifying the main state and party bodies responsible for the design and implementation of

⁷⁶ While the hukou system has experienced significant change and reform since the 1980s (Chan and Buckingham 2008), with many small and medium-sized cities relaxing or abolishing the hukou, it continues profoundly impact China's social policy and the livelihoods of Chinese people, especially migrant workers and their families, who often have been treated as second-class citizens. Many studies have documented the discrimination and unequal treatment of migrant workers and their subordinate status as second-class citizens who lack the same rights as registered urban residents, including public goods and welfare benefits (e.g., Solinger 1999). Because of their exclusion from many state mandated insurance programs, migrant workers in China faced a sort of informal security regime, which Gough defines as "a set of conditions where people rely heavily upon community and family relationships to meet their security needs, to greatly varying degrees" (Gough 2004b, 33–34).

⁷⁷ Regardless of actual welfare outcomes and the prevalence of considerable social inequality in Mao-era China, welfare was closely linked with legitimacy and ideology. Croll explains that, "although in practice welfare benefits were limited in coverage and confined to certain privileged and vulnerable categories of the population, there also existed an all-inclusive contextual notion of residual cradle-to-grave security expected of the state" (Croll 1999, 684).

social policy, including NGO management regulations, will help to explain the process of change and the various reforms underlying the spread of non-state welfare provision and state-NGO collaboration in chapters 5 to 7.

China's political structure is organized around key political principles that are consequential for social policy making. The first is the dominance and ubiquity of the CCP in policy making and China's governance structures. China is a Leninist single-party authoritarian state under the control of the Chinese Communist Party. Party structures from the national to the local levels shadow and exercise authority over the formal structures of government (Lieberthal 2004). Despite the functional division between state and party, there is no real separation between political power and public administration. Through its central organs, the CCP "has exclusive right to make concrete policies and to decide the major direction of national policy, to legitimise and to control all political organisations and to determine the social, economic and political goals for society" (Ngok 2016, 35–36). Power is concentrated at the top of the party-state, where most high-level politicians belong to the CCP. At the local levels, links between local CCP organizations and the state become even closer, as most local government departments are housed in the same building as the local Party committee (Cabestan 2014, 214).

Under the Chinese Constitution, the NPC is the highest state organ. Along with its Standing Committee, the NPC has the power to draft, revise and enact legislations that may be designated as laws (*falü*) during NPC annual sessions. Although the role of the NPC and its delegates in policy deliberation was strengthened in the reform era, important laws and decisions are typically

decided by leading party officials and then formally adopted by the NPC during its grandiose annual session (Lieberthal 2004, 176; Cabestan 2014).

The Chinese state is organized as a strict hierarchy in which the central government enjoys legitimate authority over its subordinate agencies. A clear line of authority exists from the centre down to village-level administrations. As the executive organ of state power at the national level, the State Council is at the top of the hierarchical structure of state administration. The state administration is the executive arm of the CCP in those areas where the Party apparatus cannot or does not wish to intervene directly. The State Council operates under the leadership of the CCP, its leading groups (*lingdao xiaozu*), and its central organs (Cabestan 2014, 214–30). It coordinates key government initiatives in various domains (e.g., economic and social development, civil affairs, and public security), prepares the state budget and the national economic plan for approval by the National People’s Congress (NPC), and implements them. Specific competences of the State Council include regulatory development, the formulation of administrative measures and the submission of bills for legislative approval at the National People’s Congress (NPC) as well as hierarchical power over central ministries and local administrative departments (Cabestan 2014, 215–16). By leading at the top of state administration, the State Council has played a key role in setting the reform agenda since 1978. In the realm of social policy making, important policies are often issued jointly by CCP central leadership and the State Council (Ngok 2016, 36).

As noted by Ngok, administrative regulations have been prevalent in the field of social policy, because of their greater flexibility compared to laws—it is often difficult to build consensus

among the myriads of stakeholders involved in social policy (Ngok 2016, 34). The use of administrative regulations—such as regulatory dispositions (*tiaoli*) and provisional regulations (*guiding*)—by the State Council or its agencies is also amenable to experimentation with provisional measures before turning them into laws (e.g., Cabestan 2014; Ngok 2016). The State Council is responsible for issuing official, compulsory policy documents—usually a decision (*jueding*) or a notification (*tongzhi*)—that set out nationwide social policy decisions and require lower level governments to implement it (Guan and Xu 2011, 27–28). For instance (and as examined in chapter 5), in 2013 the State Council issued the Guiding Opinion on Government Service Purchasing from Social Forces. This document sent a clear message from the centre to subordinate levels of government asking them to experiment with social service contracting programs with service-oriented NGOs.

The Ministry of Civil Affairs and other ministries tasked with social policy matters (e.g., the ministries of Health, Education, Human Resources and Social Security), under the supervision of the State Council, are also key policy actors. These ministries “often play a significant role in promoting new social policy initiatives by making policy suggestions, spreading local initiatives, organizing policy research and experiments, drafting policy documents, and drawing up the technical norms for social policy” (Guan and Xu 2011, 27). As will be apparent in chapter 5, the Ministry of Civil Affairs has played a prominent role in advocating for an increased role for non-governmental organizations in social welfare and for other related initiatives such as the development of professional social services, and the program of urban community building (*shequ jianshe*). It should be noted that in addition to its responsibility for policies related to

social development, the Ministry of Civil Affairs is also responsible for the management and regulation of NGOs, through its Social Organizations Management Bureau.⁷⁸

Furthermore, the PRC is characterized by a highly centralized political system, but a decentralized administration. As pointed out by Cabestan, the hierarchical, quasi-military organization of the Party, the official ideology and discourse, the general orientations and political priorities give the impression of a monolithic party-state. Yet, given the size and diversity of the territory and the populations that need to be managed, Beijing has no choice but to delegate to local governments broad powers of their own, especially in the areas of economic and social developments (Cabestan 2014, 249). According to the institutional principles of the PRC, local governments are organs of an administrative nature. They have broad legal powers within their respective administrative unit. The Chinese constitution establishes the existence of four levels of government below the centre: provinces or municipalities under the direct supervision of the central government—that is, Beijing, Shanghai, Tianjin and Chongqing; prefectural-level cities, which are usually either sub-provincial cities (e.g., Nanjing, Shenzhen and Guangzhou) or large administrative units comprised of a main urban area and surrounding rural areas; counties and city districts; and townships and sub-districts, also called street-level (*jiedao*) governments in urban areas. A fifth level exists in practice and plays an important role in urban governance: the residential community (*shequ*). Street-level (*jiedao*) governments and residential communities are the locus of social service provision, stability maintenance, and party-building activities, as discussed in chapter 6.

⁷⁸ The State Council transferred regulatory power over NGOs to the Ministry of Civil Affairs in 1988 (Simon 2013, 186).

The local governments are the state façade of Party committees and of the administrative unit they are responsible for. Local governments are theoretically accountable to the people's assemblies of the corresponding level and to the administrative organs of the state, under the guidance of the State Council. Hence, the actual powers of local governments are determined by their relationship with both the Party committee at the same level and the administrative bodies at the higher level (Cabestan 2014). Local governments work under the close guidance of the local party committee; the Party secretary takes precedence over their state counterpart. The CCP committee—that is, the CCP secretary—makes the decisions and relies on the state apparatus to implement them (Cabestan 2014, 240). CCP committees and the governments of the four tiers of local government are primarily responsible for economic development and social stability. They are also responsible for the provision of public goods and services, including building roads and schools, implementing centrally designed social and environmental protection policies, and attracting investment, especially from abroad. Funding these numerous initiatives remains a constant challenge (Cabestan 2014).

Behind the façade of a unitary state under the control of a powerful and authoritarian single-party regime, it is important to appreciate three key structural aspects of China's social policy making: fragmented bureaucratic politics, the peculiarities of central-local relations, and the partial pluralization of the policy process.

Fragmented Bureaucratic Politics

The most common framework to understand China's policymaking process is the fragmented authoritarianism model, which “argues that authority below the very peak of the Chinese

political system is fragmented and disjointed” (Lieberthal 1992, 8). As pointed out by Lieberthal and other scholars, China’s policymaking process results from the interaction of multiple actors at various levels, each with their own interests, policy preferences and even ideologies. As seen in the previous section, at the national level, key central units include CCP central organs, the State Council, key ministries and agencies, commissions in charge of specific policy domains, and the NPC. Territorial units also have considerable autonomy in making and implementing policy, especially provinces since they have ministerial-level authority.⁷⁹ Administrative units of the same rank cannot give binding orders to each other: this means that a province has the ability to contest or ignore decisions made by a ministry. The classic example is that of a local environmental protection office, which may have reporting responsibilities to both the National Environmental Protection Administration of the central government and the mayor of the city in which it is located. Therefore, structurally “China’s bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others” (Lieberthal 1992, 8). Hence, policy outcomes are shaped by bureaucratic bargaining, consensus building, and the incorporation of interests of these different actors, operating along horizontal and vertical lines of authority amidst intense competition, onto the policy process (Lieberthal 1992; 2004; see also Mertha 2009).

Central-Local Relations

Another important and consequential dimension of China’s political system is central-local relations. The evolution and implementation of social policies are shaped by the interaction of

⁷⁹ In China, provinces refer “to a rank in the national political administrative hierarchy that is fully equal to the rank of a ministry in the central government” (Lieberthal 2004, 180).

both central and local government actors (Guan and Xu 2011; X. Zhu 2016). Centre-periphery relations are characterized by a significant devolution of powers and local autonomy. Typically, the central government in Beijing outlines broad national goals and policy directions, but delegates implementation to lower levels. As pointed out by Guan and Xu, “local governments can make decisions about whether and in what form to follow a ministry’s policy suggestion” (Guan and Xu 2011, 27). Local governments at the provincial level have the authority to determine how a social policy will be implemented within their jurisdiction, although they cannot deviate from the policies from the centre. Provinces follow national policies but develop their own local regulations, specify rules and details, and oversee policy implementation, which is devolved for actual implementation to lower levels of local government, typically, at prefectural or district levels. While adhering to national policies, provinces regularly insist on local specificities and emphasize the flexibility of the system (Cabestan 2014). Therefore, local state actors have agency and thus usually considerable capacity to implement social policy decisions from the top in ways that fit their own interests, local circumstances and fiscal capacity; they can also experiment with different initiatives that fit the broader policy goal (e.g., Solinger and Hu 2012; Ngok and Huang 2014). The implementation of policies at the local level is conditioned by funding considerations. During the 1990s, unfunded national mandates often resulted in imperfect policy implementation at the local level (Guan and Xu 2011).

Furthermore, motivations for social policy vary depending on the level of analysis. As discussed in previous chapters, from the perspective of the central leadership in Beijing, social policy is consequential for social stability and for the legitimacy of the regime. Indeed, the literature reviewed earlier provided several insights on the linkages between social policy, civil society and

regime resilience. Since the founding of the PRC in 1949, social policy has been an important domain of national governance and policy making and, until the 1970s, was central to the socialist project and the CCP's claims to rule. In the 1980s and 1990s, social policy was used to manage the consequences of market reforms. In the 2000s, it became ever more important given the increasing social unrest and socio-economic inequality that accompanied economic reforms; social policy was instrumental to building up a "Harmonious Socialist Society" (*hexie shehui*) under Hu Jintao and Wen Jiabao (Duckett 2013, 67; Ngok 2016; Leung and Xu 2015).

Meanwhile, at a lower level of analysis the motivations of local officials can vary from compliance to innovativeness.⁸⁰ Local officials are held accountable for their policies to higher-level party supervisors, who evaluate their performance. They must achieve specific outcomes and implement policies defined by the central government under the cadre management system, a task-oriented hierarchical political mechanism used to evaluate their performance (Fewsmith and Gao 2014). The promotion of officials depends on performance according to the cadre accountability system, which steers party officials towards desired developmental objectives by emphasizing criteria such as economic growth and stability maintenance as conditions for advancement (Landry 2008). Under China's cadre evaluation system, local officials face a set of specific incentives that shape the decisions they make and their compliance. These incentives (promotion criteria) have changed over time to fit the priorities of the party. It is well established that in the reform era, economic development was the overarching objective of party cadres; yet, in the 2000s under the Hu-Wen administration these incentives were modified to stimulate efforts at improving public welfare and maintain social stability at the local level (Zuo 2015).

⁸⁰ See, for example, Ang (2016); Landry (2008); and Teets and Hurst (2014).

Hence, top-down performance and competitive pressures shape the behaviour of local party-state actors, both in terms of the implementation of centrally dictated measures but also their willingness to experiment with policy innovations. In sum, the particular structure of the Chinese party-state is characterized by both horizontal and vertical lines of authority, which sometimes conflict and often diverge in their interests regarding policy implementation and resource allocation (Lieberthal 2004; Cabestan 2014).

Partial Pluralization of the Policy Process: Consultation and Participation

Despite the primary and inescapable role of party-state actors, the emergence of pluralistic channels of consultation and participation in policy making has also become a factor in social policy making since the 1990s (Mertha 2009; Kornreich, Vertinsky, and Potter 2012). Jane Duckett nicely summarizes that in “China’s one-party political system, policy debates take the form of ... [a] muted debate among the CCP’s urban elite—government officials, advisers and academics—who contribute to making national and local policies” (Duckett 2013, 72). Societal actors such as the commercialized media, academics, NGOs, and high-level think tanks contribute to the policy process.⁸¹ As evidenced in chapter 5, elite academic research institutes played an important role in promoting the development civil society in China and in advocating for greater state-NGO collaboration in social welfare provision. A number of high-profile research institutes have contributed to policy by organizing important policy-related events for both leading scholars and high-level policy makers (e.g., Simon 2013), such as the Beijing-based Tsinghua University NGO Research Centre. These have played at times an important role in translating knowledge and research into policy ideas, and in the diffusion domestically of policy

⁸¹ For instance, Zhu Xufeng’s work has stressed the role of China’s think tanks, which play both academic, advisory and advocacy roles (X. Zhu and Xue 2007).

ideas from abroad, including through the formation of epistemic communities. A final point to note is the influence of international ideas and models. As noted by Duckett, “international examples and experiences also shape the terms of debate, with researchers and government officials evaluating the relative merits of different national ‘models’ on which China might draw” (Duckett 2013, 73). As will be explored in chapter 5, international non-governmental organizations, such as the World Bank, the Asian Development Bank and the Ford Foundation, have also influenced China’s policy reforms during the 1990s and 2000s, notably through to the diffusion of ideas and the sponsoring of pilot initiatives and policy advisory reports.⁸²

4.4 Conclusion

In this chapter, I presented key institutional legacies from pre-1978 that have shaped the evolution of state and non-state welfare provision in urban China. These included legacies of state-nonstate collaboration in social welfare and of the relationship between the Chinese state and civil society, as well as legacies of redistributive institutions of the Maoist era. Notably, I emphasized how previously ubiquitous non-state welfare providers during the late Qing and Republican eras were subsequently displaced as the CCP subjugated the remnants of Chinese civil society in the 1950s and 1960s. These conflicting legacies have shaped the trajectories of post-1978 social policy reforms. First, and as will be analyzed in the next chapter in more details, the re-emergence of China’s third sector in the 1980s took place under institutions and rules that had been established decades ago, in the early years of the People’s Republic. In many ways, the development of China’s third sector in post-1978 China was shaped by the legacies of both the Nationalist and Mao regimes. These legacies include the Nationalist regime’s efforts at

⁸² Foreign donors have likewise tried to foster the growth of civil society. See, for instance, Spires (2012).

constructing a legal and institutional infrastructure to manage the third sector along corporatist lines and the use by the CCP of ambiguity regarding organizational legal status—registration—and of episodic political campaigns to assert its dominance over the third sector.⁸³ Second, behind the façade of Mao’s China socialist egalitarianism, the redistributive institutions created under state socialism meant in practice that segments of the Chinese population were privileged, such as urban workers in state-owned enterprises, and others rather less so, such as peasants. Chinese society was also divided along rural-urban lines. Consequently, social policy reforms during the reform era would be shaped and constrained by these legacies.

Finally, China’s authoritarian and multilevel political structure characterizes its social policy-making process. I sketched out key elements of China’s governance structures pertaining to social policy making, including the key state and party organs and agencies that lead policy development, and some key features of local governance structures. Three aspects that have shaped China’s social policy making and implementation in the reform era need to be taken into account: fragmented bureaucratic politics, central-local relations, and the partial emergence of pluralistic channels of consultation and participation in policy making. More specifically, China’s fragmented policy making process and decentralized policy implementation, and the frequent competing objectives and gaps between official rules and actual implementation, have important implications for an analysis of institutional change: they create space for “adaptive informal institutions” to be mobilized as adaptive responses—or as “non-confrontational, informal means to introduce alternative rules” (K. S. Tsai 2006; 2016)—by local officials or

⁸³ Notwithstanding the many changes that have taken place in China since the late 1970s, some argue that the political approach to governance of the CCP has remained similar: “to exploit ambiguity as a strategic resource and source of power” (Dillon 2011, 157; Perry and Heilmann 2011).

other policy entrepreneurs. Hence, these characteristics of China's political context and the potential existence of gaps between formal institutions and the preferences or goals of actors, make possible various modes of gradual institutional change. The next chapter provides an analysis of the process of social policy and civil society transformations at the national level between 2018 and 2018.

Chapter 5

The Evolution of Social Policy, Non-State Welfare Provision and Civil Society from Deng to Xi (1978-2018)

The evolution of social policy and the rise of non-state welfare provision in China since the 1990s have been nothing short of remarkable. In a context marked by major economic reforms, social policy transformations and the emergence of an increasingly large third sector, Chinese NGOs have gradually come to play more extensive roles in welfare provision—and beyond. Starting from an informal practice emerging during the 1990s, government contracting services to social organizations (NGOs) became an important strategy underpinning state-NGO relations and the construction of China's mixed welfare system. In Xi Jinping's China, NGOs have been providing different kinds of welfare and services to various segments of the population, collaborated with local governments as consultants and implemented policies at the local and community levels.

What explains this major transformation at the intersection of China's social welfare and civil society reforms? How have reforms underpinning the contracting of public welfare by local governments to NGOs come about? To answer these questions, the chapter assesses the main factors that have shaped the transformation of the institutional arrangements underlying non-state welfare provision at the national level. It provides an overview of the different phases of social policy and civil society transformations that have occurred in reform-era China (since 1978). The overarching emphasis is on the gradual emergence and the state-led institutionalization of non-state provision within China's mixed welfare system—more specifically, the contracting out of

service provision to NGOs by the government, which in Chinese is typically referred to as “government purchase-of-service contracting to NGOs” (*zhengfu goumai shehui zuzhi fuwu*) or simply “government purchase of services” (*zhengfu goumai fuwu*).⁸⁴

The analytical narrative is divided in four main phases corresponding to consecutive party leadership eras of Deng Xiaoping (1978-1992), Jiang Zemin (1992-2002), Hu Jintao (2003-2012), and Xi Jinping (since 2012). The chapter provides a structured narrative of the multifaceted process of change and analyzes the impact of key events, decisions, and factors on the outcome. While the focus is on changes at the national level, the role of local experimentation in pioneering provinces or municipalities (e.g., Shanghai and Guangdong) on national-level policy reforms is also considered.

5.1 The Deng Xiaoping Era (1978–1992)

The death of Mao Zedong and the end of the Cultural Revolution in 1976 represent a major turning point in China’s trajectory. As explained in this section, the first phase of the transformations underlying the revival of China’s third sector took place against the backdrop of major socio-economic reforms, initiated after the end of the Maoist era.

⁸⁴ As mentioned below, the rise of non-state welfare provision took place in the backdrop of fundamental socio-economic transformations that have occurred during the “reform and opening up” (*gaige kaifang*) era: market liberalization and privatization, the reform of state-owned enterprises, fast-paced rural-to-urban migration and urbanization, demographic changes, etc. These transformations and their impacts are already well researched and are not the focus of this research. Nevertheless, the socio-economic transformations taken place after 1978 provide the background context for the informal emergence of non-state provision and the subsequent institutionalization of the contracting of welfare provision to NGOs.

The Third Plenum of the Eleventh Central Committee of the CCP in December 1978 marked the beginning of the new era. At this important meeting, Deng Xiaoping emerged as China's *de facto* supreme leader and, together with his reformist allies, ushered major changes as part of China's program of "reform and opening up" (*gaige kaifang*). Economic modernization became the main goals of the CCP. The introduction of market-oriented reforms profoundly shaped the development of social policy and the revival of the private sphere within China's economy and society.⁸⁵ It should be noted that not only had China's internal political situation changed drastically; moreover, the global context of the late 1970s was marked by a wave of political emancipation and a growing emphasis on free-market ideas as well as individual rights and freedoms (Mühlhahn 2019, 492–93).

At the beginning of the reform period, market transition was done without a blueprint; Deng and his reformist allies followed a pragmatic, piecemeal approach to market reforms, which aimed at dealing with unmet needs and economic backwardness as well as bottlenecks and waste resulting from the command economy (Naughton 2007, 87). The challenge for Deng and other top pro-reform leaders such as Zhao Ziyang (premier from 1980 to 1987) was to expand the role of markets where feasible, to decentralize authority and resources, and to grow the economy "out of the plan" while maintaining party rule and the adherence to socialist ideology. In 1984, Deng started using the term "socialism with Chinese characteristics" (*you zhongguo tese de shehui zhuyi*) to justify the adoption of market-oriented economic policies in China's Marxist-Leninist political system (Mühlhahn 2019, 502–3). As pointed out by Barry Naughton, "China avoided a Soviet-style collapse by disentangling itself gradually from the institutions of the planned

⁸⁵ For an overview of China's economic reforms, see e.g. Naughton (2007) and Ang (2016).

economy” and by following cautious, consensual, decision-making, underpinning institutional innovation in the economy and society (Naughton 2007, 91; see also Qian 2003).

This period of early market reforms was also marked by the loosening of the constraints placed previously by the CCP on society and the concomitant revival of the private sphere, which had shrunk during the Maoist era—and especially, the Cultural Revolution. In this context of relaxed political control, new social organizations emerged in various fields of activities. As noted by Ma Qiushi, social organizations “proliferated so rapidly that Chinese officials not only accepted them but also failed to comprehend the profound challenges they could pose, as evidenced in the absence of both a regulatory policy and an official bureau responsible for registering SOs [social organizations]” (Ma 2002b, 309).

In 1984, the Decision of the Central Committee of the Chinese Communist Party on Reform of the Economic Structure issued by the Central Committee of the CCP was an important milestone towards the creation of a mixed economy and the decentralization of economic and political controls. While focused on industrial reform, the Decision also increased the kinds of activities that could take place outside the state sector (Whiting 1991, 17). Now seen as part of the economic reform process, officially supported social organizations (*shetuan*) were established by local governments, public institutions—that is, public service agencies such as hospitals and universities—and mass organizations to provide public services (Simon 2013, 192).

Social organizations were often unable to find a government sponsor. Frequently, they registered as a business under the appropriate commercial or industrial bureau or “as a subsidiary

organization within an essentially dormant social organization,” thus hiding their activities behind a mandate façade (Saich 2000, 134–35). At the grassroots level, most NGOs were unregistered. Yet, despite their officially illegal status they played an active role in providing public benefits in their communities (see Simon 2013, 186–198). The 1980s thus saw the emergence of new social organizations outside the structure of the party-state.⁸⁶

As pointed out by Nara Dillon, the expansion of the third sector in the 1980s took place under the rules of the 1950s, which were by now obsolete due to the rapidly changing social, economic and political circumstances of the early post-Mao era.⁸⁷ Nonetheless, the regulatory system inherited from the 1950s still served “to re-establish some of the key political divisions that helped the Communists splinter any potential political opposition from forming in the voluntary sector during the revolution” (Dillon 2011, 149). More specifically, Dillon points out that the registration system continued to create legal and institutional distinctions—to establish a form of hierarchy—between different kinds of organizations and to limit cooperation across these lines. Overall, this period was characterized by lax implementation of and by wide variation in registration policies at the local and provincial levels. According to Ma Qiusha, until around 1989 “the founding of SOs [social organizations] was almost unregulated. Any government bureau or organizations, or even a social organization, could approve new organizations and place them under supervision” (Ma 2006, 62, in Simon 2013, 186).

⁸⁶ The newly created social organizations of the time were typically highly issue specific. For instance, the first domestic disability NGOs were established in the mid-1980s (Fisher, Li, and Fan 2012, 166). On the emergence of social organizations in the post-Mao period, see e.g., Whiting (1991) and Saich (2000).

⁸⁷ At the beginning of the reform era, the “minimal regulatory framework of the 1950s was still in place, even if elements of it [...] had fallen into disuse during the Maoist period” (Dillon 2011, 147). The social and political atmosphere in China during the 1980s was more open than during the previous two decades. See Simon 2013, chap. 7.

These transformations took place amidst the fast-changing social, cultural, and intellectual environment of urban China, marked by growing diversity and pluralism and the influence of political liberalism in mainstream intellectual discourse (Mühlhahn 2019, 518). At the time, there were growing demands for a more comprehensive understanding of modernization that would include further political change, including individual rights and freedoms. By the late 1980s, economic uncertainties combined with the collision of growing popular expectations for political change with the “realities of party rule and the efforts to curtail the growing aspirations” (Mühlhahn 2019, 520–21). This culminated in the 1989 Tiananmen Square crisis, which saw “the largest spontaneous protest movement for political change and democracy since the founding of the People’s Republic” (Mühlhahn 2019, 521).

After the 1989 Tiananmen crisis, the CCP moved to reassert control over both mass organizations and social organizations and update the regulatory framework. The Regulations on the Registration and Management of Social Organizations (*shehui dengji guanli tiaoli*) was promulgated by the State Council in October 1989. As pointed out by Nara Dillon, “Issued in the wake of the 1989 Tiananmen Uprising, both the timing and the content of the new regulations clearly suggest that one of the Chinese Communist Party’s (CCP’s) goals is to prevent the voluntary sector from turning into a civil society, and ultimately a force for further political reform” (Dillon 2011, 140).⁸⁸ A dual registration system was created, whereby social organizations registered by the Ministry of Civil Affairs were required to find a sponsoring agency in their field of operation, typically a government organization at the district or subdistrict (street-) level, a professional association or mass organization, or a public institution

⁸⁸ A drafting committee had been established by the CCP in 1987 to revise the 1950 regulations (Dillon 2011, 148).

(e.g., a university). These regulations were corporatist in nature, allowing only a very limited number of organizations, typically one formally approved organization in each community or administrative level in a given issue area (e.g., Unger and Chan 1995). The objective was to limit the growth of NGOs and their ability to coordinate with other groups to advocate for change. Finally, the passing of the dual registration process also resulted in the development of a bureaucratic monitoring system for the third sector, managed from the Ministry of Civil Affairs (Dillon 2011, 149).⁸⁹

The Tiananmen crisis was a key turning point in the PRC's history. Seen in the context of global events—1989 saw the toppling of Communist regimes in Eastern Europe and the Soviet Union was in terminal decline—the violent suppression of the Tiananmen protests significantly altered China's reform trajectory. Soon would emerge from it the CCP's strategy of promoting rapid economic reform while prioritizing political stability and security (Shambaugh 2008; Mühlhahn 2019, 526).⁹⁰ With respect to China's state-society relations, the events of 1989 were followed by regulatory efforts aimed at the emerging third sector.

⁸⁹ Regulatory power over third-sector organizations had been transferred from the State Council to the Ministry of Civil Affairs in 1988 (Simon 2013, 196). As explained in chapter 4 of this dissertation, the Ministry of Civil Affairs operates at the national level as a ministry, as departments at the provincial and prefectural levels, and as bureaus at the district level. It should be noted, however, that the Ministry of Civil Affairs was not the sole regulator of social organizations. The State Commission Office for Public Sector Reform regulated so-called self-funded public institutions (e.g., hospitals, schools, universities) which were functioning as quasi-government agencies and played an important role in the provision of many public services such as education or health, especially given the prominent role of occupational welfare. The Department of Industry and Commerce also registered many social organizations as commercial entities after the end of the Cultural Revolution up to the 2000s, although the 1998 regulations made it prohibited legally to do so (Simon 2013, 229–30; Fisher, Li, and Fan 2012, 163–65).

⁹⁰ The context preceding and surrounding the events of the summer of 1989 in China and Eastern Europe exceeds the scope and aim of this dissertation. The point here is that, as is well known, 1989 marked a critical juncture in China's trajectory that also impacted the subsequent evolution of China's social transformation and civil society developments. See Shambaugh (2008) for an in-depth analysis of the Chinese discourse surrounding the collapse communism in Eastern Europe and of the Soviet Union, and of the impacts of these events on the subsequent policies of the CCP.

5.2 The Jiang Zemin Era (1992–2002)

Deng's 1992 Southern Tour to Guangdong province, during which he “expressed his strong support for the extension of economic reform and experimentation” (Mühlhahn 2019, 531), catalyzed a new phase in economic reforms, marked by economic liberalization and privatization. This new phase in China's development was led by the post-Tiananmen leaders Jiang Zemin and Zhu Rongji, who oversaw important institutional innovations to deepen economic reforms and modernize government.⁹¹ During the Jiang and Zhu era, the Chinese leadership prioritized economic development and, in a reversal to prior Maoist policy, rationalized the emergence and spread of socio-economic inequality, “arguing that unequal wealth distribution helped facilitate economic development and could finally benefit all social classes” (Chan 2016, 24). The introduction of market reforms and the rejection of Maoist-era emphasis on class struggle led to a policy paradigm focused on an “efficiency first, equity second” guideline—whereby social policy was subordinated to the pursuit of economic growth—which lasted until the turn of the century (Ngok and Huang 2014, 253).

China's social policy and third sector development were heavily influenced by the rapidly changing socio-economic environment. As pointed out by Guan, market reform during the 1990s “meant the loss of the three basic conditions which had sustained the traditional social policy: public ownership of the means of production, a centrally planned economic system, and the egalitarian ideology” (Guan 2000, 118). Market reforms were accompanied by the retrenchment of the state from welfare responsibilities and the partial transfer of these welfare responsibilities to families and markets (Saich 2008). Given interweaving between social welfare provision and

⁹¹ Jiang Zemin was general secretary of the CCP from 1989 to 2002 and president from 1992 to 2003. Zhu Rongji was (a very influential) first vice premier from 1993 to 1998 and premier from 1998 to 2003.

work units (*danwei*), China's initial social policy reform were drastically shaped by labour market reform as well as the restructuring of the state-owned sector.⁹² As explained below, initial experiments to outsource welfare provision to social organizations took place within the context of state retrenchment and of "socialization" (*shehui fuli shehuihua*)—the shift to society and private markets—of social welfare of the 1990s.

Decentralization, State Retrenchment and the Socialization of the Welfare System

China's social policy reforms during the 1990s saw the retrenchment of the state, the partial dismantlement of the socialist social protection system, and the partial shift of the burden for welfare provision away from the state. The reforms outlined at the Fifteenth Party Congress in September 1997 and the Ninth National People's Congress (March 1998) were instrumental in this regard, as discussed in this section.

While changes in urban employment systems were introduced very cautiously during the first phase of China's gradual market transition,⁹³ by the mid-1990s, marketization had spread to labour markets and state-owned enterprises (SOE) were facing increasing competitive pressure and had begun laying off workers (Naughton 2007, 183–84). At the Fifteenth Party Congress in

⁹² Until 1978, the Chinese government assigned jobs to citizens. Concomitant to this situation of nearly full employment was, however, the fact that many enterprises had redundant workers. During the 1980s, the Chinese government introduced a number of reforms to increase the productivity of state enterprises, by granting more autonomy to managers and allowing bonuses if production targets were fulfilled (Naughton 2007). The implementation of the employment contract reform and the passing of a bankruptcy law in 1986 signaled the end of full employment, as inefficient enterprises could not compete based on market prices and went bankrupt (C. K. Chan 2016).

⁹³ See Naughton (2007), especially chapters 4 and 8, for an overview of China's market transition, its process, and its implications for urban labour markets. According to Naughton and others, the first phase in China's gradualist market transition (from 1978 to 1993) was a reform "without losers," the second phase of reform (after 1993) was a reform "with losers," as different aspects of economic reforms after 1993 imposed significant adverse consequences on different, and numerous, social groups such as SOE workers, who suffered major losses in income and social status (Naughton 2007, 106–7).

September 1997, the Chinese government launched a large-scale process of SOE reform to promote the development of China's mixed economy.⁹⁴ Sometimes involving privatization, SOE restructuring was undertaken by local governments, which proceeded with mergers, sales, bankruptcy and other forms of ownership reorganization. The downsizing of the state sector was massive. Between the mid-1990s and the early 2000s, public enterprise employment dropped by more than 40% (Naughton 2007, 105). Between 30 and 50 million SOE and urban workers of all kinds were laid off (Naughton 2007, 184–186). Urban unemployment rose drastically, and millions lost access to social welfare. Under the new approach of “socialization of social welfare” (*shehui fuli shehuihua*) promoted by Civil Affairs authorities, the burden of welfare was increasingly shifted to informal support networks at the community level, families and markets (Lei and Walker 2013). The process of SOE restructuring was an important driver of social welfare reform.⁹⁵ While public funding for social welfare and public services, such as education and health care, was reduced, the government promoted the use of market-oriented and fee-driven reforms in social policy. Amidst rapidly changing urban labour markets, these reforms brought heightened uncertainties for the unprivileged, such as migrant workers and those outside the formal or state sectors (Ngok 2013).

The restructuring and downsizing of the state sector had been conducted under the principle of “small government, big society” (*xiao zhengfu, da shehui*), which had been included in the platform of the Fifteenth Party Congress in September 1997 (Simon 2013, 235). This notion of “small government, big society” had appeared in central-level discussions at the end of the 1980s

⁹⁴ See Hurst (2009) for an analysis of the impacts of these reforms on workers.

⁹⁵ As seen in chapter 4, SOEs represented a kind of urban mini-welfare system that provided welfare for workers and their families, including housing, health care, education, and pension. SOE restructuring meant the separation of their economic and welfare functions (e.g., Ngok and Chan 2016).

amidst political reform seeking to modernize government and reform the economy through marketization (Lei and Walker 2013, 17–18). It was aimed at reducing the government’s burden, downsizing the bureaucracy, and shifting various government functions and economic and social responsibilities to social organizations, including the provision of social welfare (Ma 2002b, 306).⁹⁶ At the Fifteenth Party Congress, Jiang Zemin linked the downsizing of welfare provision resulting from the reform of state-owned enterprises to the expansion of the social organization sector, and emphasized the need for new social intermediary organizations to take over these welfare provision functions (Saich 2000, 128).

As a direct response to the notion of “small government, big society,” efforts to “socialize” (*fuli shehuihua*) the welfare system sought to “reduce the government’s financial and administrative responsibility and encourage more actors to participate in welfare provision” (Guan 2000, 120).

A few months later, at the first session of the Ninth People’s Congress on 6 March 1998, Luo Gan, secretary general of the State Council, stated that the social organization sector needed to be expanded and that social intermediary organizations ought to take on more functions (Saich 2000, 128). As pointed by Ma, the “first and essential step in this strategy was for the government to legalize and to promote nongovernmental organizations” (Ma 2002b, 306). In 1996, Jiang Zemin had convened the first meeting of the Standing Committee of the Politburo in the history of the PRC to discuss the topic of NGO management. This meeting resulted in the enlargement of the power of the Ministry of Civil Affairs, notably through a new series of strict official regulatory documents (Ma 2002b, 309). Moreover, the “Regulations on the Registration

⁹⁶ The “small government, big society” (*xiao zhengfu, da shehui*) slogan “was later frequently used to demonstrate that the nongovernmental sector has a large role to play in providing services to meet the needs of the Chinese people” (Simon 2013, 236).

and Management of Social Organizations” were promulgated by the State Council (led by the reform-oriented premier Zhu Rongji) in September 1998.

The 1998 regulations retained and upgraded the features underpinning the management of the social organization sector from the 1989 regulations.⁹⁷ The 1998 regulations sought to tighten controls by clarifying responsibilities and procedures for NGO registration. First, it put in place a formal two-tiered registration system. Social organizations had to find a sponsor, a professional management unit (*yewu zhuguan danwei*). The sponsoring unit was responsible for reviewing the applicant’s work, the capacity of its leadership, and the degree to which it obeyed the law. The sponsor, whose approval was needed before the registration request was sent to the relevant department, could be held responsible for the action of the applicant. Second, only one similar organization in a given field or sector of activity was allowed to exist legally at each administrative level. Third, the development of national or horizontal branches and representation was prohibited. The 1998 regulations thus reinforced an institutional environment in which groups with government ties were favoured, horizontal linkages between groups were limited, and bottom-up initiatives discouraged by regulatory hurdles that made registration more difficult (Saich 2000, 131–132).⁹⁸

Another change was the creation of the Bureau for the Management of NGOs (*minjian zuzhi guanliju*) within the Ministry of Civil Affairs. An upgrading of the previous regulatory administration over social organizations within the MCA, the Bureau was responsible for a

⁹⁷ This paragraph draws on Simon (2013, chap. 10) and Saich (2000, 129–33)

⁹⁸ A rich literature takes the perspective of social organizations to examine their various strategies and abilities to evade, circumvent and negotiate these constraints. See Saich (2000, 133–8).

broader range of third sector organizations, including not only social organization (e.g., large social associations and foundations close to the state), but also many non-governmental non-commercial enterprises (*minban feiqiye zuzhi*) and not-for-profit organizations in fields such as education, welfare and research (Saich 2000, 131, note 19; Ma 2002b).⁹⁹ Hence, towards the end of the 1990s, China's official policy had drastically evolved from Mao-era policy. Nara Dillon asserts that during the Maoist era, "the ultimate goal was to eliminate the voluntary sector entirely, leaving only the continuation of revolutionary mass organizations. In the 1990s, the ultimate goal was to make the voluntary sector a permanent partner with the state in order to relieve the state of its administrative burden" (Dillon 2011, 150–151).¹⁰⁰ The market reforms of the 1990s were thus accompanied by the retrenchment of the state from welfare responsibilities and the privatization of welfare provision through the so-called "socialization" of these welfare responsibilities to families and markets (Saich 2008).¹⁰¹ Nonetheless, although state retrenchment and the transfer of public welfare to society under the socialization slogan (*shehui fuli shehuihua*) had led to an increase in social organizations providing services at the community level, the government was not paying for these services (Ma 2016, 196). In fact, as noted by Lei and Walker, "the drive to achieve 'small government, big society' in social welfare was associated directly with the overt intention of the Chinese Government to minimize public spending" (Lei and Walker 2013, 22).

⁹⁹ See Simon (2013, chap. 10), for an in-depth analysis of the 1998 NGO regulations and other key legislation adopted in the late 1990s and early 2000s, from a legal perspective.

¹⁰⁰ Saich argues that the "total intent of this legislation [the 1998 regulations] is to mimic the compartmentalization of government departments and limit horizontal linkage. This favours those groups with close government ties and discourages bottom-up initiatives" (Saich 2000, 132).

¹⁰¹ These transformations had uneven effects on people's welfare. While SOE workers were initially the focus of these policy initiatives, the latter were eventually extended and affected broader categories of workers. Moreover, social protection remained based on labour market participation and offered little protection to those outside of it, such as unemployed workers, rural-to-urban workers, or domestic care workers. See Cook and Dong (2011) for an analysis of gender and market reforms. See Duckett (2004) and Huang (2013) for excellent analyses of the uneven impacts of social welfare reforms and the sources of cleavages in social welfare during the Hu era.

As explained in chapter 3, another key driver underpinning the emergence of non-state welfare provision under Jiang was the process of decentralization, which had already started in the 1980s. Early market reforms throughout the 1980s and into the 1990s were accompanied by the transfer of responsibilities from central to local governments (especially, prefectures and counties) for the provision of public goods and social welfare. At the same time, local governments did not have much fiscal autonomy to raise funds because power over raising funds through taxation belongs to the central government (van der Kamp, Lorentzen, and Mattingly 2017, 166). Fiscal decentralization and administrative devolution meant that local governments bore most of the burden of social welfare and public goods provision but received little resources by way of fiscal transfers from the centre (Frazier 2010, 36). According to data from the National Bureau of Statistics, the share of expenditures on various social welfare and social insurance programs, education, public health, and other public goods funded by local governments increased from 52% to more than 78% between 1978 and 2008. Conversely, the share of fiscal revenues going to local governments declined from 84.5% to 46.7% during the same period (Zhu 2016, 253).

Towards the late 1990s, the central government announced initiatives in various policy fields but left the implementation and funding to local governments, which were struggling financially. While the fiscal capacity of local governments (and thus their capacity for social policy provision) varied significantly across the Chinese territory (e.g., Frazier 2010; Mok and Wu 2013; Shi 2017), local governments faced growing difficulties to provide public services to residents. Moreover, the pressures resulting from rapid and large-scale rural-urban migration created heightened demands for various kinds of public services that many local governments

were unable to meet.¹⁰² Hence, the “gap between responsibilities and funding motivated local governments to search for new strategies to deliver social welfare” (Teets 2014, 46). In this context of unmet needs, social service organizations started playing a growing role at the community level and took an increasing role in social service delivery with the tacit, informal, approval of local governments (Ma 2002b, 318).

Shift of Welfare Responsibilities to Social Organizations and Pilot Projects

The reliance on social organizations for social welfare provision had initially emerged as an informal means of residual social protection to cope with severe welfare gaps in the 1990s and the consequences of public sector reform. Official discussions at the high level on the possibility for the government to more formally procure services from nongovernmental organizations appeared on the agenda following China’s efforts to join the World Trade Organization at the end of the decade (Ma 2016, 197).¹⁰³ Around 1996, directed research on the topic of government procurement was put on the agenda (Jia and Su 2009, 12).¹⁰⁴

The earliest Instance of the government contracting services to a social organization occurred in Shanghai in 1996, when the Pudong Area Social Development Bureau (a municipal government)

¹⁰² During the post-1978 reform era, China underwent a dramatic process of rapid large-scale urbanization and rural-urban migration. In 2000, around 121 million people had migrated from the countryside to seek employment in urban areas. In 2013, 245 million people were considered migrants. See, e.g., Song (2014). This process has greatly challenged China’s welfare system. Rural-urban dualism profoundly shaped the possibility for migrant workers and their families to receive social welfare. Facing discrimination and unequal treatment as second-class citizens, migrant workers often lacked the same rights as registered urban residents, including access to public goods such as education for their children or social welfare (e.g., Solinger 1999; Leung and Xu 2015). Consequently, many NGOs have focused on services for migrant workers and their children.

¹⁰³ China joined the World Trade Organization in 2001.

¹⁰⁴ Experiments with pilot projects in social welfare had started towards the end of the 1980s (Simon 2013, 209). At that time, the Ministry of Civil Affairs under Minister Cui Naifu conducted studies of international models of different means to raise funds from domestic citizens and overseas Chinese to support social welfare initiatives. This led to the introduction of the Social Welfare Lottery, a government-run fund-raising mechanism, managed by the MCA. The social welfare lottery provided the funding for the early outsourcing experiments, by way of transfer from provincial level civil affairs authorities, to district level bureaus, to affiliated social organizations (Jing and Chen 2012, 12–13; Simon 2013, 293).

hired the Shanghai YMCA to set up the Luoshan Citizen's Club and deliver community-level social services (Jia and Su 2009, 13). In 1999, the Social Policy Research Centre at the Beijing-based Chinese Academy of Social Sciences conducted a month-long systematic evaluation of this pilot project. The findings of the evaluation, disseminated widely, were influential in the "debate on procuring public services from CSOs [civil society organizations] and provided policy guidance for further government-procurement activities" (Tuan, Haoming, and Fulda 2015, 201).

By the end of the 1990s, scattered instances of small-scale government purchase of services from nonprofit, nongovernmental organizations were taking place in different cities, as local governments started to experiment with potential models. The Shanghai Civil Affairs Bureau launched its pilot project of subcontracting public services; among its earliest but most widespread experiment was the contracting out of elderly care services to non-state care homes (L. Wong and Jun 2006). These pilot projects at the local level served to inform the process of reform at the national level (Jia and Su 2009). Between 1998 and 2000, Shenzhen promulgated the first local regulation on government procurement. Most local governments rapidly followed up; and in April 1999, China's Ministry of Finance promulgated the first national regulation on government procurement, the *Provisional Regulation on the Procedure of Government Procurement* (Jia and Su 2009, 12). Then, the National People's Congress approved the *Government Procurement Law* in June 2002, which specifies and standardizes the procedures for service procurement across government, and prescribes "strict rules for contracts between government and all nongovernment providers of goods and services" (Simon 2013, 293–94). The *Procurement Law*, however, did not include social services in the scope of public procurement.

In the early 2000s, the outsourcing of administrative services to private actors by local governments was “extensive” and by the end of the 1990s, represented at least 30% of direct government spending around 2004 (Jing 2008).¹⁰⁵ Jing notes that outsourcing included spending on goods and personnel compensation; areas of outsourcing included street cleaning, garbage collection and incineration, maintenance of buildings and public vehicles, administrative support, IT services. In the 2000s, local governments thus turned to the non-state, private sector, to help support the fulfilment of their administrative responsibilities. Again, it should be noted that social services were not yet legally allowed to be directly contracted out to NGOs. The impetus for government contracting social services came towards the end of the Hu-Wen tenure.

5.3 The Hu Jintao Era (2003–2012)

Hu Jintao and Wen Jiabao took over in 2003 as chairman of the Chinese Communist Party and Premier, respectively. They faced major problems: two decades of market reform had led to rising socio-economic inequalities, large welfare gaps and widespread occurrences of social unrest. Consequently, the Hu-Wen administration (2003–2012) was marked by significant changes in social policy, characterized by a heightened focus on dealing with socio-economic inequality, together with a growing emphasis on stability maintenance (*weihu wending*, or simply *weiwen*).

China’s economic reforms and the retrenchment of the state during the 1990s and early 2000s had led to the widening of income inequality between rich and poor and between urban and rural areas (Leung and Xu 2015). In the context of marketization, rapid urbanization and large scale

¹⁰⁵ Jing Yijia defines outsourcing as the “substitution of nongovernmental actors for the government personnel in delivering services” (Jing 2008, 122).

rural-to-urban migration, sources of inequality had multiplied as access to welfare remained based on status, occupation and residency (Saich 2008). Based on labour market participation, residual social protection offered little support to those outside of it, such as unemployed workers, rural-to-urban workers, or domestic care workers. Market reforms were gender blind and disproportionately affected women, thus reinforcing socio-economic inequalities (S. Cook and Dong 2011). Hence, the retreat of the state from social welfare provisions—including social health insurance reform—tended to perpetuate the exclusion of some social groups, such as farmers, rural-urban migrant workers, unemployed workers, dependents and others, while maintaining the privilege of government and state-owned enterprise workers (Duckett 2004). In urban China, two lines of cleavage with respect to social welfare now existed: between state sector and non-state sector employees and between labor market insiders and outsiders (X. Huang 2013). Hence, even as the rise of the private economy created new opportunities for some, market and social policy reforms were shaped by the legacies of the socialist-era social stratification. The process of social policy expansion undertook under Jiang Zemin and Hu Jintao, which is examined below, was thus partly path dependent.

While some insurance schemes and other pilot welfare initiatives were adopted by local governments during the Jiang era to minimize the adverse effects of market reforms on welfare, these initiatives remain minimal and uneven (C. K. Chan 2016, 24). Many low-income citizens, such as unemployed urban people, farmers, and rural-to-urban migrant workers could not afford the growing out-of-pocket expenses for various welfare services (Ngok and Huang 2014, 253).

Increasing levels of inequality within Chinese society,¹⁰⁶ along with mediatized stories of

¹⁰⁶ China's national Gini coefficient of income distribution, which was below 0.30 prior to the beginning of market reforms in 1978, reached almost 0.50 around 2010 (Whyte 2012).

deprivation and misery, were slowly reshaping perceptions around state responsibility for public services and welfare provision. The legitimacy of the party-state—increasingly based on its performance in providing inclusive growth, public goods and services—was at risk. It is in this context that the severe acute respiratory syndrome (SARS) outbreak of 2003 hit. Poorly managed, it revealed problems not only in public health but across the entire welfare system. As pointed out by Ngok and Huang, “the outbreak of SARS functioned as a triggering event to initiate policy change” (2014, 254).

With the limits of the growth- and efficiency-oriented mode of socio-economic development that had prevailed since the early 90s now laid bare, and with shock of the SARS outbreak, a “policy paradigm shift” took place in the early 2000s (Ngok and Huang 2014). Under Hu Jintao, new ideas concerning social policy came to the fore, promising greater social inclusion and attention to socio-economic issues under slogans such as “building a service-oriented government” (*jianshe fuwuxing zhengfu*) and “building a socialist harmonious society” (*goujian shehui zhuyi hexie shehui*) (Ngok 2013, 110–12). The new signature policy of “building a socialist harmonious society” was formulated at the Fourth Plenary Session of the 16th Central Committee of the CCP in 2004 and then further expounded at the Sixth Plenary Session of the 16th Central Committee of the CCP in October 2006 (Ngok 2013, 111–12). Hu and Wen’s new discourse on the harmonious society “represented a turning point in China’s social policy development,” underlining that “the Chinese Communist Party now believed welfare provisions were essential to social stability and China’s economic development” (Chan 2016, 25). Underlying the discourse on the harmonious society (*hexie shehui*) and the goal to build a service-oriented government were widening economic disparities and growing social discontent, which were

starting to affect the legitimacy of the CCP. While data on protest remains elusive, official figures reveal that the number of so-called “mass incidents” increased from around 10,000 in 1993 to 60,000 in 2003 to 180,000 in 2010, involving millions of participants (L. Sun 2011). As popular criticism and social unrest increased throughout Chinese society (e.g., Chen 2012; Lee 2014), fears of public protest incentivized local officials to search for solutions to increase the provision of social welfare, and motivated the central government to improve the overall welfare system (Frazier 2010; Chan 2016; Shou 2017).

A new phase in China’s social development began. During this phase, China experienced a transformative process of social policy expansion and saw the development of the third sector and a greater reliance on NGOs to supplement the work of the government in the delivery of public services. Indeed, social forces, such as NGOs, were now seen as having an important role to play in the maintaining of “harmony” within Chinese society. As explained below, local experiments in the government contracting public services to NGOs slowly scaled up and would become national policy towards the end of the Hu and the beginning of the Xi eras.

Social Policy Expansion

Building on initial reforms from the end of the Jiang era, China under the Hu-Wen administration underwent from the early 2000s a process of rapid social policy expansion (Ngok and Chan 2016; Leung and Xu 2015; Shou 2017; Ngok and Huang 2014). Departing from the previous growth-focused developmental strategy, this new phase in China’s social development covered major domains of social policy, including health care, education, social insurance and social security. Fundamentally, this transformation entailed a move towards a more universalistic

distribution whereby the population was to be covered at least minimally, welfare benefits in the previously favoured state sector reduced in relative terms, but welfare protection for those in non-state sectors of the economy increased (Shou 2017).

For example, China started building a universal and integrated social assistance program, called the Minimum Living Standard Guarantee (MLSG) scheme (*dibao*). This program is noncontributory, financed solely by the government at both central and local levels, and provides modest cash transfers to poor citizens. The program initially covered only urban areas but was progressively extended into rural areas and then consolidated nationally.¹⁰⁷ Health care in rural areas was also improved with the New Rural Cooperative Medical Care (NRCM) (e.g., Duckett 2019). The enlargement of state schemes such as the MLSG and NRCM were seen as steps towards the establishment of a less fragmented nationwide social welfare system (Zhu 2016, 255). In addition to social assistance and health care, the central government made reforms to improve old age social insurance (pensions) and health insurance and to implement free compulsory education for all children (Ngok and Chan 2016). Although the welfare system remained urban-biased, basic social protection was extended to rural residents and the unemployed. Significant efforts were made to promote the regional integration of the previously segregated social welfare system, and integrate migrant workers and their families into existing social welfare schemes (Leung and Xu 2015).

Therefore, in the 2000s, China's central authorities undertook a multifaceted process to improve welfare provision, establish a national social safety net and better face the growing threats to

¹⁰⁷ In the mid-2010s, the MLSG covered an average of about 22 million people in urban areas and 53 million in rural areas (Shou 2017).

social stability. This process entailed the establishment of binding targets in social welfare programs, the increase of special fiscal transfer payments from the central to local governments for public services and the introduction of new centrally-guided pilot projects, and the reorganization of the administrative and management systems to strengthen the implementation of central policies by local governments (X. Zhu 2016). Still, most analysts concur that China's current welfare system remained incomplete, fragmented, and unequal—not the least due to the limited coverage of migrant workers—as well as largely residual (Leung and Xu 2015; Ringen and Ngok 2013).

Importantly, China's social welfare reforms under Hu Jintao not only consisted of new social programs and increased spending; it also entailed intensified legislative and regulatory interventions underpinning the stated goal to build a multi-level, multi-provider, welfare system—a mixed economy of welfare (Ngok and Chan 2016; Leung and Xu 2015).¹⁰⁸ These aspects are examined in the sections below.

Local Experiments and Policy Debates on Civil Society During the Hu Era

The Procurement Law of 2002 was an important early milestone in public sector reform, because it permitted local governments to purchase various services (*goumai fuwu*) from non-state actors. As discussed above, while the Procurement Law provided a legal framework for the participation of social organizations in public service delivery (but not in social services), local government officials had tolerated the growth and activities of the large number of welfare-oriented, grassroots NGOs, which were either not registered at all or were but as a commercial entity, thus

¹⁰⁸ Chapter 2 provided an in-depth conceptual discussion of the mixed economy of welfare.

bypassing the Ministry of Civil Affairs (Spires 2011; Leung and Xu 2015). Nonetheless, local experiments in procuring various kinds of public services at the community level from NGOs took place during the 2000s.

Although different government bodies—e.g., the Ministry of Health, the Ministry of Human Resources and Social Security, and the Ministry of Civil Affairs—were involved in encouraging the government purchasing of social services, the Ministry of Civil Affairs “was the most active of all government departments in driving” explorations towards the government contracting services to social organizations (W. Wang and Snape 2018, 3). In 2001, the Policy Research Office of the Ministry of Civil Affairs undertook research and disseminated knowledge on the Shanghai’s municipal government pioneering experience in purchasing elderly care services (W. Wang and Snape 2018, 3). In the 2000s, the Ministry of Civil Affairs established observations stations to evaluate and compare the development of social organizations across different pilot zones and the different innovations in the practice of government purchase-of-service, thus allowing central-level government departments to deepen their understanding of NGOs and the potential of the latter in contributing to public service provision (Wang and Snape 2018, 3). Between 2003 and 2009, further exploration of the government contracting services NGOs was conducted in Shanghai, Beijing, Wuxi (Jiangsu) as well as in some cities in Zhejiang and Guangdong Province. These experiments covered several different social policy fields, such as “education, public health and AIDS prevention and treatment, poverty alleviation, elderly and handicapped service, community development, community correction, culture, urban planning, citizenship education, environmental protection, [and] policy consultation” (Jia and Su 2009,

13). The Shanghai and Guangdong province-level governments were among the most active in such contracting pilot experiments (W. Wang and Snape 2018, 3).

Experiments in municipal governments procuring public services at the community level from social work NGOs took place in Shanghai between 2004 and 2006 and in Shenzhen in 2007 (Tuan, Haoming, and Fulda 2015). In 2006, the Pudong District in Shanghai began to provide funding for the education of migrant workers' children by social organizations, and local government departments and thirteen NGOs signed procurement contracts worth 60 million RMB (about 10 million US \$) (Ibid.). Suzhou followed Shanghai and started its own support program to NGOs through contracting around 2011 (Interview with a former bureaucrat from the Bureau of Civil Affairs, SH-06). Guangdong province was also a pioneer in state-NGO collaboration. As early as 2007, Shenzhen began encouraging the development of social work organizations and the establishment of community centres, managed and operated by social organizations, but funded by the municipality (Tuan, Haoming, and Fulda 2015, 197). Shenzhen and Guangzhou—Guangdong's two main cities—were recognized by the MCA as key pilot sites for experimentation of social services contracting in 2009 (Leung and Xu 2015, 162–67). It should be mentioned that Hong Kong was a significant source of influence and funding for civil society programs in China. As will be discussed in chapter 6, the province of Guangdong (especially, Guangzhou and Shenzhen, its two megacities) was at the forefront of extending the practice of contracting social welfare from NGOs (e.g., Leung and Xu 2015, 162–67). In so doing, Guangdong borrowed extensively from the experience of the neighbouring Hong Kong, by learning from and welcoming Hong Kong-based social work NGOs and academics to help develop new models of social welfare provision and contracting.

Notwithstanding these early steps, the participation of NGOs in government-funded service provision remained experimental and limited (Ma 2016, 197). Moreover, even within the framework of these local experiments, the transfer of service provision and administrative functions—including home care, employment-related services, education, community services, disability rehabilitation, services for migrant workers, poverty relief, and health-related services—to NGOs by local governments typically focused on organizations created by and with close links to government agencies, that is, GONGOs (Jing and Chen 2012).

These pilot experiments in the government contracting services to NGOs were taking place amidst the emergence of China's civil society and the debates surrounding it. The 2000s saw the rapid increase in the number of NGOs in China. Official data from the Ministry of Civil Affairs shows that the number of registered NGOs increased from less than 5,000 in 1988, to almost 200,000 by the mid-1990s. Following a momentarily decline in the late 1990s due to the stricter 1998 NGO Regulations, the number of registered NGOs resumed its increase at the turn of the century, reaching more than 400,000 in 2009 (Teets 2014, 52). Local governments were also tolerating the growth of grassroots, non-registered, welfare-oriented NGOs that quietly helped address social needs (Spires 2011).

An important turning point in China's third-sector development was the Great Wenchuan Earthquake of 2008 (*wenchuan teda dizhen*), which devastated part of northeastern Sichuan and surrounding provinces. The crisis was followed by a burst of spontaneous and unprecedented popular mobilization and massive public donations for disaster relief, with many grassroots

NGOs taking part in the relief effort, and media touting 2008 as the “Year of the Volunteer” or the “Year of Civil Society” (Shieh and Deng 2011). At the time, the earthquake created an unprecedented opportunity for NGOs to participate and demonstrate their potential to the public, media, and government. It also stimulated ongoing debates on the policy environment for NGOs, including issues such as funding, registration, reporting and oversight, and their ability to contribute to social services and public welfare more generally. In the context of reconstruction following the earthquake and given the needs faced by local governments, there was a greater willingness to tap into the contribution of social organizations, although the boundaries of permissible civic activities and mobilization remained both limited and debated within government institutions (Teets 2014). Nevertheless, concerns surrounding the spontaneous influx of volunteers and donations in response to the Sichuan earthquake led a process of revising the regulations surrounding fundraising for charitable activities (especially disclosure of information about donations) and the broader third sector (see Simon 2013, 325–7). Attempts to write new legislation concerning philanthropy, charity and funding for public welfare had begun in 2005 (Simon 2013, 238), and would continue until 2016, as discussed in the section on Xi’s era.

Learning from Abroad

In their quest to modernize and grow the economy, China’s leaders had been looking for models abroad. From the late 1970s, furious policy debates took place between conservatives and reformers on the process of economic reform—e.g., on the scope and speed of rural reforms, liberalization of prices, privatization, and other aspects of China’s transition from a central planning regime to a market economy (Gewirtz 2017; Weber 2021). The intellectual foundations of the economic reforms pursued carefully by Chinese reforms were shaped by a process of

learning from abroad—and especially from advanced market economies. In other words, the ideas of Chinese policy makers and the content of the reforms that reshaped state-market relationships during the 1980s and 1990s were influenced by Western and Eastern European economists—and those from the World Bank and other major international financial institutions—who advised and interacted closely with Chinese senior advisors working at leading policy-making organs under the State Council, the Research Office of the State Planning Commission, or at the Chinese Academy of Social Sciences and leading universities like Peking and Tsinghua (Gewirtz 2017).

Likewise, foreign influence on China’s emerging “civil society” was also rather important between the post-Tiananmen period and the end of the Hu-Wen leadership tenure, notably due to the grant-making activities of foreign government (e.g., Canada, US) and international NGOs (Spires 2012). From the end of the 2000s onwards, research on the concept and practice of the contracting out of social services spread rapidly. The increase in research on the topic was prompted in part by the cooperation between key international NGOs (INGOs) and China’s central agencies, which suggests that some international actors played a role in generating and diffusing ideas and policy impetus for a greater reliance on NGOs in welfare provision.¹⁰⁹ One notable source of policy ideas and support was international financial institutions such as the World Bank and the Asian Development Bank (ADB), which provided significant financial support and policy support in China’s poverty alleviation efforts. Early models of welfare procurement and government-NGO collaboration were proposed in the course of these bilateral

¹⁰⁹ Looking at the development of one the most important social policy reforms of the 2000s, the New Rural Cooperative Medical Schemes (NRCMS), Duckett (2019) makes a similar point, emphasizing the role of international actors and events on China’s domestic policymaking.

projects. In particular, the ADB played an important role in supporting policy experiments in government funding for, and NGO participation in, the delivery of social services. In 2006, the ADB “cooperated with the State Council’s leading group on poverty alleviation to develop new models for civil society participation in poverty reduction” (Tuan, Haoming, and Fulda 2015, 208). The ADB-supported project led to the selection of NGOs and their participation in poverty reduction work (ADB 2009). Together with the Ministry of Civil Affairs, the ADB supported research, published in 2009, to explore models of government procurement of public services in the Chinese context (Jia and Su 2009). The 2009 report explicitly recommended to expand the range of services covered under the *Procurement Law* and to promote and expand the capability of NGOs to participate in open, competitive, bidding procedures for the government contracting out of services.

Another important project conducted for the Ministry of Civil Affairs and financed by the World Bank and the United Nations Development Programme commissioned a report by foreign experts on the international experience on the contracting out of public services. The report was followed by China’s first book that systemically examined the different models China had experimented with across six cities in comparative perspective with the experiences of other countries (P. Wang, Salamon, and Simon 2010).¹¹⁰ This influential report shaped the policy debates taking place at key government departments in Beijing and led to a marked increase in academic interest on the topic and dialogue between academia and government departments, which was notably facilitated by the influential Tsinghua’s University NGO Research Center (W. Wang and Snape 2018). In sum, China was influenced by global trends and ideas, including

¹¹⁰ According to Ma, the NGO international expert Lester Salamon made an “influential” introduction of the “international” definition of NGO at a high-level conference on NGOs in Beijing in 1999 (Ma 2002b, 309–10).

neoliberal-inspired market reforms as well as various models public-private partnerships and welfare delegation (Pieke 2012; Cho 2017; Duckett 2020).

The perception within the Chinese state about the role and impact of international actors was not homogenous. On the one hand, some in the Chinese government wanted to tap into foreign funding and learn from the experiences of “advanced” developed economies in relying on non-state welfare providers, given the widespread unmet welfare needs within the Chinese population and the potential of government-NGO collaboration in public service delivery for vulnerable populations. On the other hand, given the alleged role of civil society organizations in the so-called “Color Revolutions” of the 2000s, worries about the potential for civil society to mobilize opposition to the party grew within segments of the central government—especially among security institutions—after NGOs, especially those connected to foreign funding, were assessed to be potential Trojan horses for democratization (Teets 2013; 2014; Shambaugh 2008). Out of these debates emerged attempts by central-level agencies at adapting the regulatory environment to foster the desired types of NGOs and to limit the threats they could pose. Stability maintenance (*weiwen*) agenda was top of the agenda of Chinese leaders (K. Xu and Li 2011; Jianrong Yu 2010; Yuhua Wang and Minzner 2015). Likewise, state security officials were concerned about the influence of external donors (international NGOs) on the spread of rights-based advocacy, and worried that a flourishing civil society could pose threats to the regime (Teets 2014). Following the Colour Revolutions, a “Party/government Working Group for Liaising with NGOs was established at national, provincial and county levels, including officials from public and state security agencies and civil affairs” (Howell 2019, 72). Lack of trust by public security officials about the Chinese NGOs receiving funds from abroad led to new

regulations in 2009 “aimed at controlling the direction and type of foreign funding entering China” (Howell 2019, 72). These efforts would coalesce into the 2016 Foreign NGO Law, as discussed further below.

Policy and Regulatory Changes

The late Hu-Wen era saw important policy and regulatory changes heralding the extension of government contracting from local experiments to national policy. The process of scaling up local experiments such as the Pudong pilot project at the end of the 1990s had taken about ten years (Tuan, Haoming, and Fulda 2015, 202).

At the top level, the discourse on “innovating social management” (*qiangxin shehui guanli*, later to changed to “social governance” *shehui zhili*), which had appeared in 1998, gained prominence during the 2000s, and was an important component of the Fifth Plenary Session of the 17th Central Committee in 2010 (K. Yu 2011). A sort of bricolage of various ideas and measures, social governance borrowed heavily from neo-liberal ideas and discourse from “new public management” and selectively applied these to modernize and strengthen the CCP’s leading role over Chinese society (Pieke 2012).¹¹¹ Nevertheless, in February 2011 Hu Jintao delivered a keynote speech at the yearly senior workshop at the Central Party School on “social management innovation” (*shehui guanli chuang xin*), thus indicating that the topic had been placed at the top of the CCP agenda (K. Yu 2011). Although its meaning has remained somewhat vague and fluctuating, the concept of “innovating social governance” (*qiangxin shehui zhili*) relates to the

¹¹¹ Similarly, Patricia Thornton argues this form of “technocratic ‘social engineering’... sometimes aims to alleviate, but more generally to displace and conceal, the rising inequalities that result from marketization” (Thornton 2011, 258).

(contingent) empowerment of social organizations and the transfer of government functions to them, the development of professional social work, and the government contracting social services from NGOs (Leung and Xu 2015, 144).

The national policy of promoting the government purchasing of social services from NGOs emerged as instrumental to the deepening of welfare and public sector reforms following the 12th Five Year Plan (2011–2015), passed by the NPC in March 2011 (National People’s Congress of the People’s Republic of China 2011). The Plan mentions explicitly the goal to increase the role of social organizations in public service provision, in urban community governance, and in social management, and articulates the need to improve their funding and management.¹¹² As such, the Five-Year Plan explicitly formulated the goal to outsource more public goods and social services to non-state social forces. It signalled the intention of the central government to allow NGOs to play an increased role in social development and marked an important step in the shift of government contracting services to NGOs from local innovation to national policy. The Ministry of Civil Affairs and the National Development and Reform Commission (NDRC) then issued their own five-year plan for the development of civil affairs, aimed at “establishing a government funding system, promoting government procurement of social organization services, aiding social organizations to develop charitable projects, and incubating social organizations” (Tuan, Haoming, and Fulda 2015, 198). Central-level support for further participation of NGOs in

¹¹² The 12th Five-Year Plan articulates goals to innovate the provision of public services, to increase the amount and areas of services outsourced, and to diversify the types of services providers (section 30). It also focuses on the development of social welfare and philanthropy (section 33). Section 37 mentions that social organizations will work with the government to improve social management. Social organizations are also mentioned in section 38, which focuses on the restructuring of urban governance, on the development of service platforms, community services and public welfare at the community level. Finally, section 39 emphasizes the goal to foster the development of social organizations, to promote government transfers of functions to social organizations, and to increase the allocation of public funding to them. It also articulates the goal to strengthen the supervision and management of social organizations.

welfare provision allowed policy innovators within the Ministry of Civil Affairs to draft new regulations easing registration requirements of social organizations involved in “charity and welfare,” which led to the approval of pilot programs in 19 provinces and the increase in subcontracting funds (Howell 2019, 70–71). Later during 2012, the Ministry of Civil Affairs secured 200 million RMB (30 million US \$) from the central government in special funding to be allocated to NGO participation in public service provision. This initiative was novel even for the MCA officials involved. Up to 2012, government policy did not mention the participation of NGOs in social service contracting; this was the first national-level initiative allocating public money to NGOs that entailed a direct mention to the government purchase-of-service contracting with social organizations (*zhengfu goumai shehui zuzhi fuwu*) (Wang and Snape 2018, 3).

The Hu era came to an end with the 18th Party Congress in November 2012, which saw the appointment of Xi Jinping as general secretary of the CCP and Li Keqiang as premier. The 18th Party Congress emphasized the need to improve social stability and the role of the social sector in China’s governance; one of the key directives of the 18th Party Congress was “to encourage the active participation of social organizations in the delivery of public and social services” (Leung and Xu 2015, 146). Social governance under China’s marketized society was a national goal and government purchase-of-service contracting of services to NGOs (*zhengfu goumai shehui zuzhi fuwu*) increasingly seen by Chinese scholars and government officials as one the main strategic means to achieve it (Interviews NJ-02 and SH-04).

5.4 The Xi Jinping Era (since 2012)

Xi Jinping became General Secretary of the CCP at the 18th National Congress of the CCP.¹¹³

Faced with a host of challenges and worried about regime security, Xi Jinping soon launched an ambitious program of reforms aimed at consolidating power and disciplining both the party-state and society (A. L. Chan 2022, chap. 9). Putting forward slogans such as the “China Dream” and the “rejuvenation of the Chinese nation” (Z. Wang 2014; Garrick and Bennett 2018), Xi Jinping oversaw between 2012 and 2018 a series of major social, economic and political reforms that amount to some as a break with the so-called reform era and the advent of a new political “revolution” or a “new normal” in the PRC (Economy 2018; B. Guo 2017).

The beginning of Xi’s leadership was characterized by the consolidation of the institutional framework underpinning the contracting of welfare provision to NGOs within China’s mixed welfare system, as the first section below examines. Moreover, in addition to wide-ranging administrative reforms (e.g., Guo 2017), the CCP under Xi also took several steps to increase its control over China’s nascent civil society and to reassert the presence (and supervision) of the party in Chinese society. The second section of this chapter provides an overview of key regulatory transformations for China’s third sector.

The Institutionalization of Government Contracting Services to NGOs

The development of the government purchasing-of-service contracting framework entered a phase of institutionalization around 2012, which lasted until around 2016–2017. This phase was

¹¹³ For a comprehensive study of Xi Jinping’s political career and China’s political history under Xi, see Chan (2022). For a useful synthesis of the main political, economic and technological transformative changes and policy priorities during Xi’s first mandate, see e.g. Economy (2018).

characterized by the release of a large number of documents, both at the national and provincial levels, on government purchase of services from NGOs. Coming from the highest levels of China's leadership, these documents are binding and must be followed by all relevant party and state agencies. They not only allude to the political understandings of the time (Sorace 2015), but are also crucial means by which ideas about institutional innovation and expected practice and the official stance about them are circulated within relevant government departments and party units across China, as well as within social organizations and academia (W. Wang and Snape 2018).¹¹⁴

The issuance of the 2013 Guiding Opinion on Government Purchase of Services from Social Forces (*guanyu zhengfu xiang shehui liliang goumai fuwu de zhidao yijian*) by the State Council was an important milestone, by making explicit that social organizations could and should participate in government service purchasing (State Council General Office 2013). Coming from the highest level of state authority, this document signalled a transition to a new phase in the development of China's welfare model that now increasingly relied on the contracting out of social services to NGOs. The Guiding Opinion provided specifics about the objectives of the welfare contracting approach, its policy content, and the areas in which "social forces" such as NGOs were encouraged to participate in social service provision, including, education, employment services, social insurance, public health services, and community services. Following the Guiding Opinion, several key documents (e.g., administrative and departmental regulations) were issued between 2013 and 2016 by the State Council General Office and central

¹¹⁴ Wang and Snape argue that the process of institutionalization is characterized "by the constant interplay between the ideas promoted through research, normative documents, and the explorations and trials of different government departments and localities as well as of social organizations themselves" (2018, 8).

ministries, more specifically the Ministry of Finance and the Ministry of Civil Affairs. These documents include the Measures for the Management of Government Service Purchasing, issued in 2014 by the Ministry of Finance, which is considered another key milestone in the institutionalization of government purchase-of-service contracting model (e.g., Wen 2017).¹¹⁵ In May 2015, Premier Li Keqiang emphasized the role of social organizations in public service provision through contracting and similar market-based mechanisms (Li 2015; Gao and Tyson 2017, 1051).

In March 2013, the State Council announced that the government would promote the development and improve the management of social organizations, and stated that the transfer of government functions to social organizations was a priority task of public sector reform (Leung and Xu 2015, 147). The increasing reliance on social organizations was not limited to welfare provision, but was also linked to a broader process of administrative reform and state restructuring that entailed the transfer of administrative responsibilities to social organizations, the transformation of government functions from command, control and provision to regulation and overseeing market order, and the streamlining of government institutions (H. Gao and Tyson 2017; B. Guo 2017).¹¹⁶ Indeed, in addition to the diminution of direct service provision by local government agencies and the reliance on market mechanisms for the allocation of government

¹¹⁵ As pointed out by Wang and Snape (2018), these documents play an important role in three respects. First, they are used by the government to spread information about government service purchasing as an institutional innovation that must be taken seriously. Second, these documents emphasize the connections between the contracting out of social services by the government, the development of social organizations, the reform of public institutions, and the “transformation of the functions of government” (W. Wang and Snape 2018, 5). Third, these key documents not only provide a glimpse into party-state thinking at the highest levels, but also allude to the evolutionary nature of the institutional building process.

¹¹⁶ According to Guo, “The ultimate objective [of these reforms] is to transform the mode of state control and management to a new mode of social governance, and consequently, to modernize China’s state governance system” (B. Guo 2017, 357).

funding to non-state entities, the policy of contracting of public services to NGOs was conceived as a way to promote the reform of public institutions (*shiye danwei*)—public sector organizations such as hospitals, schools, universities and others that are involved in the educational, cultural, media and healthcare sectors, for instance—and their transformation into independent social and business organizations (C. K. Chan 2018, 5–8; B. Guo 2017; H. Gao and Tyson 2017).

The 2016 Opinion on the Reform of the Social Organization Management System and Promotion of the Healthy and Orderly Development of Social Organizations (*guanyu gaige shehui zuzhi guanli zhidu cujin shehui zuzhi jiankang youxu fazhan de yijian*) jointly issued by the Central Committee of the CCP and the State Council, was another important signal coming from the top leadership, aimed at promoting the development of China's third sector and reforming the management of social organizations (General Office of the CCP Central Committee and the General Office of the State Council 2016). Importantly, the document also stated that by default social organizations had become the preferred agent of government service contracting (W. Wang and Snape 2018, 5). Hence by 2016, following an experimentation and learning process, the institutional and regulatory framework underpinning non-state provision within China's mixed welfare system—more specifically, the greater role for domestic NGOs under the government purchase-of-service contracting framework—had been consolidated into a series of regulations and policies. The expectations of the central government had also been communicated throughout relevant government bodies at the central and lower levels of government.¹¹⁷ The revised role of NGOs in service provision was institutionalized within a broader process of party-state restructuring that, following a gradual process of research and top-

¹¹⁷ As examined in chapter 6, the existence of a general institutional framework does not preclude the presence of regional variations in implementation and practices of subcontracting at the local levels.

level discussion, became a priority issue for the March 2018 National People's Congress (A. L. Chan 2022, 494–99).

Remaking Civil Society in the Party's Image

The size of China's third sector grew rapidly under Xi. Official data from the Ministry of Civil Affairs shows that the number of registered social organizations increased significantly between 2010 and 2020. At the end of 2010, there were around 445,000 registered social organizations. By the end of 2017, China had over 761,000 registered social organizations (Ministry of Civil Affairs 2017).¹¹⁸ In January 2019, China's Civil Affairs Minister Huang Shuxian announced that China had more than 800,000 registered social organizations (Xinhua 2019). The number of non-registered NGOs—typically active at the grassroots—was estimated to be several times larger than that, reaching perhaps up to 3 million.¹¹⁹ Nevertheless, after Xi Jinping became party leader at the end of 2012, the CCP took several steps to return the presence of the party in society, and increase its control over China's nascent civil society (e.g., Thornton 2013; Spires 2020).

One provision of the 18th National Party Congress was the promotion of so-called “core socialist values,” which led a national campaign to promote official ideology and expected morality, both within and outside party-state apparatus, while tightening control of dissent, the freedom of expression, and ideas from abroad (A. L. Chan 2022, 301–13). In 2013, the CCP issued a secret internal document (the so-called Document 9) “on the current state of the ideological sphere” (ChinaFile 2013). This document portrayed the CCP as fighting an ideological struggle with

¹¹⁸ This includes social associations (*shehui jituan*), philanthropic foundations (*jijinhui*) and private non-enterprise units (*minban feiqiye danwei*), the usual categories prior to the Charity Law reform.

¹¹⁹ For a valuable critical reflection on the significance of these numbers, see Corsetti (2019).

liberal ideas from democracies in the “West,” such as civil society, universal values (e.g., human rights), the rule of law, and freedom of the press. Along with these “threats,” the document also emphasized how they were connected to “anti-China forces” and used as a political tool to infiltrate and weaken the CCP’s leadership. The document 9 was followed by a crackdown against liberal academics, media, advocacy-minded NGOs, and human rights lawyers (Zhao 2016), as well as tighter controls over the Internet (Economy 2018). Another aspect of the CCP’s efforts at controlling China’s nascent “civil society” was the strategy of party construction in NGOS: increasing party supervision from within organizations (Thornton 2013; Xin and Huang 2022). While the requirements for every NGO that has three or more CCP members to establish a local party branch dated at least from 1998 (Ma 2002b, 310), this directive was typically ignored. Under Xi, these requirements were increasingly enforced as NGOs were directed to have a party organization within them. As examined in chapter 7, the presence of a party unit inside NGOs is one among several factors that shape the eligibility to receiving government contracts.

The Umbrella Movement—a large-scale social movement that shook Hong Kong in 2014—increased the wariness of CCP leaders towards external influences and civil society (A. L. Chan 2022, 262–63; 392–96). While Hong Kong based NGOs and social policy experts had been influential in the development of contracting in Guangdong Province, the Hong Kong model of social work organizations “emphasizing human rights when delivering social services, their advocacy for labour rights, pro-democracy movement and the call for protection of social citizenship had inevitably caused anxiety for the central government to consider seriously whether to continue to adopt the social service delivery model from Hong Kong” (Mok, Chan,

and Wen 2021, 69). Hence, around 2015-2016, the “policy paradigm” motivating state-NGO collaboration institutional reforms changed from welfare pluralization and supporting the development of the third sector to strengthening party control over NGOs and social welfare delivery (Mok, Chan, and Wen 2021, 69). What was needed was to encourage specific activities that the Chinese government favoured—service provision—while discouraging the promotion of the rights discourse and advocacy for social change and constraining the potentially threatening segments of China’s emerging civil society. Two key laws were adopted in 2016 to consolidate this policy: the Foreign NGO Law and the Charity Law.

First, the *Law of the PRC on Administration of Activities of Overseas Nongovernmental Organizations in Mainland China* (hereafter Foreign NGO Law, *jingwai fa*) is the first comprehensive law regulating the activities of all foreign NGOs in China (National People’s Congress of the People’s Republic of China 2016b). It was adopted by the NPC in April 2016 and came into effect on January 1, 2017. Under the Foreign NGO Law, foreign NGOs operating in China must either register with the Ministry of Public Security (MPS) or one its provincial-level equivalents, or file information about their activities with the MPS (ChinaFile 2017). In addition, foreign NGOs wishing to set up a representative office must obtain the formal approval of a professional supervisory unit (PSU)—generally, a government agency that is willing to serve as the foreign NGO’s official sponsor and supervisor. The Law restricts the ability of international NGOs (e.g., international foundations) to fund grassroots NGOs. Under the new Foreign NGO Law, international NGOs can provide funding only to registered Chinese NGOs (Dickson 2021, 110). The law also states that Chinese organizations and individuals put themselves at risk if they cooperate with foreign NGOs that have not received authorization from

the MPS (China Development Brief 2021). The security focus of the Foreign NGO Law is matched by a continuously repressive policy towards China's civil society: politically sensitive NGOs, such as rights-focused organizations, are often unable to register; independent and unregistered organizations are at a higher risk than before of being considered illegal and banned (China-Europe Association for Civil Rights 2018).

In addition to regulating and restricting the activities of foreign NGOs in China, the Foreign NGO Law thus makes Chinese NGOs more dependent on domestic sources of funding. This is widely seen as having a considerable negative impact on grassroots NGOs, which were often unregistered and relied more heavily on foreign funding and support (International Center for Not-for-Profit Law n.d.). While the CCP had publicly emphasized the need to regulate foreign NGOs in high-level party meetings since October 2013, this view of foreign NGOs as a potential security threat is linked to and underscored by a series of security-related laws introduced between 2014 and 2016, culminating in the Foreign NGO Law (ChinaFile 2017). As noted above, concerns about the threats posed by international NGOs and foreign funding had emerged during the 2000s. For instance, the Foreign NGO Law was preceded by an experiment in Yunnan province that culminated by the issuance of provincial regulations on the registration of foreign NGOs in 2009 (e.g., Teets 2014, 117). Between 2014 and 2016, the national-level law on the management of foreign NGOs was drafted. The draft revision process involved the submission of comments and feedback from numerous sources, including academics, domestic and foreign NGOs, foreign governments and businesses (Corsetti 2019b).¹²⁰

¹²⁰ Also see interview with the leader of prominent legal services NGO in Shanghai (SH-11), November 2017.

Another important legislative change was the *Charity Law of the PRC (cishan fa)*, which was adopted in March 2016 by the NPC and came into effect in September 2016 (National People's Congress of the People's Republic of China 2016a; China Law Translate 2016). The drafting process of the Charity Law began in 2005 (Simon 2013, 188n14). Starting around 2010, some of China's main cities such as Beijing, Shanghai and Guangzhou reduced the registration requirements for groups working on "charitable" activities; eventually, the requirements to find a supervisor agency for the purpose of registration were removed too. By the time the national-level Charity Law was promulgated, several subnational jurisdictions had already adopted and implemented similar changes in registration policy (Spires 2020, 576).

The Charity Law is the first law to regulate the philanthropic landscape in China. Although it purportedly focuses on charitable organizations and philanthropy, the Charity Law is relevant to the management of the broader third sector and is a clear step towards more legalized and transparent NGO management (International Center for Not-for-Profit Law n.d.).¹²¹ In addition to addressing issues of legal registration and fundraising for NGOs, the law introduced a new legal term/category of third sector organization: charitable organizations (*cishan zuzhi*). This new legal terminology is not without importance, as the seemingly narrow focus on "doing charity" (*zuo cishan*) and engaging in "charitable activities" (*cishan huodong*) put forward in the law suggests that "any sort of rights-based concerns would not be construed as 'charity'" (Spires 2020, 578).

¹²¹ The Charity Law also addresses public and online fundraising and donations, and "moves away from ex-ante regulation to a system of post oversight connected to report filling, transparency, and accountability—placing new demands on organizations in these regards" (Simon and Snape 2017, 28; International Center for Not-for-Profit Law n.d.).

Hence, while the Foreign NGO Law regulates and restricts the activities of foreign NGOs in China, the Charity Law further institutionalizes the approach of the CCP towards the third sector. In many ways, this represents an evolution—the use of more formal institutions, laws and regulations—of the pre-existing “graduated controls” strategy of the state (Kang and Han 2008; Wu and Chan 2012; Jing 2015). NGOs taking on the role of social service providers, those that focus on “doing charity” and those that mobilize their expertise and align their operation with state priorities, can benefit from the new regulatory environment. Meanwhile, NGOs previously dependent on foreign funds or those that do not align with state priorities face a more challenging environment. Chapter 7 provides more ample and concrete details on these various regulatory reforms and their implications.

5.5 Conclusion

This chapter provided an analytical narrative of the rise of the contracting approach at the national level within the larger macro context of China’s transformations between the beginning of the reform era under Deng Xiaoping and Xi Jinping’s recent rule (up to around 2020). The launch of market reforms at the end of the 1970s was accompanied by the loosening of the controls on society and the private sphere. Social organizations reappeared yet China’s third sector regulatory framework was obsolete. Out of the Tiananmen Crisis would emerge the CCP’s strategy of promoting economic reform while prioritizing political stability. Meanwhile, the 1989 Regulations attempted at better governing the rapidly growing field of social organizations. Under Jiang Zemin, the 1990s saw fast paced and far-reaching change in the economic and social domains, including public sector reforms and market liberalization. Amidst structural transformations (i.e., large scale rural-to-urban migration and rapid urbanization), the focus of

China's social development strategy during Jiang's tenure was the promotion of economic growth above all else. As a result, the end of Jiang's era was characterized by creeping socio-economic inequality and a growing need to cope with social instability and welfare gaps. Nonetheless, the Jiang era was also marked by important reforms, such as the 1998 Regulations on NGOs and the 2002 Procurement Law. As China "embraced assistance, policy advice, and financial support from the international community" during this period, decentralization of political authority from central to local governments was also accompanied by policy innovation in various policy fields (Economy 2018, 7). Local experiments in the government contracting public services from social organizations started towards the end of the 1990s, as the third sector was growing rapidly, and non-state welfare provision was increasingly encouraged by officials seeking to address welfare gaps and improve local governance. Under Hu Jintao, China undertook a multifaceted process of social policy expansion and sought to face the growing threats to social stability. Local experiments in government procuring non-core public services from non-state welfare providers took place in various cities, such as Shanghai, Shenzhen and Guangzhou. Therefore, the reliance by the state on NGOs through government contracting emerged and institutionalized as "non-confrontational, informal means to introduce alternative rules" (K. S. Tsai 2016, 274; 276–77) that complemented existing institutions and broader social policies.

The rise of China's civil society and the rapid growth in the number of NGOs was accompanied by policy debates within the Chinese party-state on the implications of these trends. The end of the Hu era was marked by a shift in policy, whereby the NGO participation in the social welfare system through government contracting was now seen as a national policy priority. The CCP was

adopting a modified approach to third sector development and management, whereby NGOs were seen as instrumental to supplementing the work of the government and in achieving a “harmonious society” (*hexie shehui*) and improving social governance (*shehui zhili*), and therefore needed to be supported so as to help achieve these goals. Under Xi Jinping, China entered a new phase in its development, marked by processes of power consolidation, image-building, and disciplining of the state, the CCP and society (A. L. Chan 2022). At the national level, the government purchase-of-service contracting policy was institutionalized between 2013 and 2016. Meanwhile, the party-state implemented wide-ranging administrative reforms that modified some of the functions of government and transferred some of these tasks and roles to social organizations. Major laws pertaining to China’s third sector—above all, the Charity Law and the Foreign NGO Law—were adopted. In this broad context, the consolidation of the institutional framework—premised on government purchase-of-services contracting—for the reliance on NGOs to supplement the work of the state through authorized channels, new regulations, and increased government funding, proceeded apace amidst generally stricter party control on society and severely diminished tolerance for rights-based advocacy. Hence, with respect to the process of change, this national-level analysis suggests that the institutionalization of China’s policy of government purchase-of-service contracting entailed the gradual additions of various new rules and sub-institutions on top of existing ones—layering.

What impacts did decentralization, foreign influences and authoritarian consolidation played in driving the process of the change? In the context of China’s multifaceted socio-economic transformations of the 1990s and 2000s, mounting inequality and social unrest, local governments were facing serious problems of governance, such as failures related to the

provision of public goods of services, which called for innovative solutions. Formal institutions underpinning social welfare provision and the third sector were not aligned with changing circumstances and growing needs. Meanwhile, given China's governance structures, local government officials could slowly experiment with policies and practices, such as informal state-NGO collaboration in the outsourcing of the provision of non-core public goods and social services. Decentralization thus favoured the emergence of these non-confrontational, informal means of resolving problems—adaptive informal institutions (K. S. Tsai 2016). Foreign influences also played a role—for a while. As discussed in this chapter, the CCP sought to learn lessons abroad to help its reform agenda and resolve myriads of economic and social challenges; international institutions were keen to teach their model and influence Chinese reforms. Hence, foreign influences and actors provided policy and normative content, which the party-state selective could selectively test, adapt and implement gradually. These included, importantly, models of procurement. The Hu-Wen period was also relatively open, as central authorities contemplated a range of social policy reforms (Howell and Duckett 2019). International NGOs used this openness to advocate, carefully, for China's emerging civil society and to support NGOs. However, the role of foreign ideas and actors was more contextual than central in driving change. And under Xi Jinping, with the crackdown on so-called “western” and liberal ideas and the adoption of the Foreign NGO Law—which greatly cut the ability of international NGOs to influence and finance Chinese NGOs—the impact of foreign actors on the institutionalization of China's state reliance on NGOs was less important.

Hence, the driving force underpinning the process of change was authoritarian consolidation—the designing of new institutions and rules and the selective adaptation of foreign models and

ideas by the party-state to enhance its ability to govern and regulate Chinese society. This will be ever more apparent in chapters 6 and 7 when we consider the concrete implementation, relations of power and governance practices pertaining to government purchase-of-service contracting at the local levels. Looking at practical and local dynamics will help reveal how the government contracting policy relates to larger issues of state power and state-society relations.¹²²

Following Mahoney and Thelen (2010), we know that when mandated rules or policies are abstract or uncertain, ambiguity regarding their practical implementation creates space for agency. Notwithstanding the salience of the gradual transformation of the central/national-level institutional framework underpinning the changing reliance on NGOs, actual policy implementation and state-NGO relations both take place—and are subject to large variation—at the subnational levels. It is thus necessary to examine not only the process of institutional development, but also the implementation process of the government contracting policy, because doing so will lead to a better appreciation of the political dynamics and various implications surrounding the spread of non-state welfare provision under the supervision of the CCP. Looking at issues of structure, agency and change at the local levels and through the perspectives of both local state actors and NGOs, the next two chapters will examine the implementation process of the service contracting policy at the local levels and the power dynamics that are underlying state-NGO relations under these changing institutional circumstances and practices, during the Xi Jinping era (until 2020). Doing so will help explain the causes and implications of the process of gradual institutional change. These chapters will also provide evidence and insights into how

¹²² This point is made by Nara Dillon, who suggests that China's third sector regulatory process is effective because "the power of the Chinese state does not lie in its bureaucratic structure, but rather in the modes of governance that promote cooperation and inhibit defiance" (Dillon 2011, 141).

government purchase-of-service contracting policies and concomitant regulatory changes fit into China's authoritarian governing techniques under Xi Jinping.

Chapter 6

Implementation of Government Contracting of Services to NGOs at the Local Levels

This chapter provides an overview of the implementation of government purchase of services contracting at the local levels. It begins with a description of the main features of government purchase-of-service contracting to NGOs. Then, it analyzes the interests and incentives of local authorities underpinning their changing reliance on NGOs, as well as the main considerations for partnering with them. Looking at the implementation process of government service contracting between the late 2000s until the end of the 2010s, this chapter also sheds light on the role and importance of intermediaries, i.e., the so-called nonprofit incubators and NGO support organizations (NSOs) that support the spread of government contracting and the social construction of local communities (*shequ fazhan* or *shequ jianshe*). As will be discussed, these intermediaries play an important role by providing training and capacity building to service-oriented NGOs and their staff, helping to demonstrate the potential of state-NGO partnerships via public events and relationship building, among others. Some illustrations will be presented, including that of Non-Profit Incubator (NPI, *Enpai gongyi*), arguably China's most developed and influential incubator. Finally, the chapter examines some of the key limitations of, and variation in, the institutionalization of the government purchase of service contracting policy in different cities (Shanghai, Beijing, Shenzhen and Guangzhou).¹²³

¹²³ This chapter considers some of the variation in the spread and implementation of the policy of government service contracting at the local levels. Although the chapter does not provide a structured comparison, it provides several examples that show how the policy of contracting service provision to NGOs is characterized by substantial variation at the local level.

6.1 Main Features of Government Purchase-of-Service Contracting

Government purchase-of-service contracting occurs at various levels, from the central to the prefectural (city), district, and street levels. Various government departments purchase NGO services, such as Civil Affairs bureaus and other government agencies involved in social development, street-level government offices,¹²⁴ municipal social work committees, and municipal bureaus of justice and correction (Lei and Chan 2018). While the different levels of government within a city are involved in the implementation of government purchase of services, their responsibilities may vary. In Guangzhou for instance,

[Government contracting] is mainly coordinated by the municipal and district civil affairs departments and funded by the municipal and district financial departments. The sub-districts purchase the service centers according to their needs, while the government and an independent third party conduct the supervision and assessment... The city, the district, and the sub-district simultaneously promote the government procurement of service centers. In order to ensure effective implementation, the management of the bidding and evaluation, assessment, and social workers registration of service centers project has been decentralized to the districts and the sub-districts. (Lu and Cai 2018, 41)

The contracting out of welfare and social services makes use of a market approach, by separating the purchasers (and funders) and the providers (Lei and Chan 2018).

Notwithstanding the considerable variation in contracting practices across China (discussed in section 6.5), two main overall approaches to government purchase-of-service contracting have emerged over time (Wen 2017; Cho 2017; Cortis, Fang, and Dou 2018). The first model, which was the initial approach to contracting out, is named “purchasing positions” (*goumai gangwei*). This model, also named the “post-based system” (*gangwei zhi*), was first pioneered in 2006 in Shenzhen, following the policy influence of Hong Kong (Interview with academic in Nanjing,

¹²⁴ As will be seen in section 6.2 below, the neighbourhood level and street-level governments play important roles as locus of service purchase and provision.

NJ-02). Under this approach, chosen NGOs are contracted by a purchaser (e.g., a local Civil Affairs bureau) and paid to send a specific number of social workers at a specific location, typically public institutions (*shiye danwei*), for the purpose of social services delivery. As Wen explains, “under the post-based model, the object of purchase is not the social services themselves but the social workers who produce the social services” (Wen 2017, 70).

The second model, named the “project purchasing system” (*xiangmu zhi*), has become the most common and is generally seen as more flexible and more efficient. It is premised on purchasing projects (*goumai xiangmu*). Under this approach, “the object of government purchase is a specialised service or a service project/centre” (Wen 2017, 70). The purchaser first lists its requirements for a service contract and NGOs are then chosen by a selection panel through a bidding competition to provide services as determined under contract specifications (Lei and Cai 2018, 152–53). Although contractors are usually chosen through a bidding process, another possibility for the purchaser is to simply indicate an issue area—that is, a target population of service recipients such as rural-to-urban migrants, children, the elderly, the unemployment, or drug users as well as the expected content of the social service—where it seeks out potential providers that “have to design a specific project relevant to solving problems in this area from their own perspective” (Lei and Cai 2018, 153). Although the rules and procedures pertaining to government service contracting vary markedly across China, the mode of selecting contract recipients (NGOs) generally depends on the size of the contract. For example, in Shanghai’s Jing’an District, projects below 200,000 RMB (about 30,000 US \$) are not subject to a mandatory bidding competition, but only to matching negotiation between the purchasing party and the suggested provider. Between 200,000 (30,000 US \$) and 500,000 RMB (about 75,000

US \$), a competitive bidding competition is implemented through an online platform. Projects worth more than 500,000 RMB (about 75,000 US \$) are subject to additional requirements (Interview with NGO leader, SH-19). Regardless of the specific model adopted, local governments are responsible for the monitoring of their NGO partners during the disbursement of project funding and the evaluation of project outcomes (Lei and Cai 2018, 150). Another requirement of government contracting policies is the establishment of a third-party evaluation mechanism (see below). Nevertheless, studies indicate that government purchase of services may not only entail competitive, formal and open bidding or tendering, but also involve closed negotiations with select providers with preexisting relations with the authorities, and other informal processes (Jing and Chen 2012). Indeed, as argued by Cho (2017), China's government purchase-of-service contracting combines neoliberal-style outsourcing—market efficiency, cost control, performance measurement and standardization—with the state socialist legacy of rigid bureaucracy and party-state control.

Finally, a defining feature of China's government purchase-of-service contracting is the role of intermediaries, most particularly nonprofit incubators and other hub-style social organizations and nonprofit support organizations (NSOs). Given the importance of these intermediaries, section 6.4 will shed light on their roles and functions. But first, we need to examine the linkages between community governance and the government contracting of services to NGOs, which often occurs at the district or subdistrict (street or community) levels. Relatedly, the Ministry of Civil Affairs has entrusted social organization service centers (*shehui zuzhi fuwu zhongxin*) to undertake the registration and annual inspection of NGOs. In Shanghai, 239 service centers were established by the Municipal Bureau of Civil Affairs as of the end of 2017. By early 2019,

Shanghai had more than 16,200 officially registered social organizations (Shanghai Bureau of Social Organizations 2019). Civil affairs officials envisioned these service centers as a key connection point between the government and NGOs (SH-04).

6.2 Community Governance and Government Contracting

As explained in chapter 4, local governments in China are responsible for implementing the policies of the central government (Fewsmith and Gao 2014; Guan and Xu 2011). Administrative levels below provinces are those most directly responsible for social service provision: the prefectural, district, and street office (subdistrict) levels. While the central government provides the overall top-level policy design and regulatory framework—and especially so given the processes of centralization under Xi—the implementation of government purchase of services policies (and state-NGO collaboration in general) takes place at the local levels. Hence, the importance to focus on the local state and the various strategies adopted by local officials and bureaucrats to manage NGOs and serve their governance needs (Hsu and Hasmath 2014). Beyond the notion of the local state, it is also important to consider the myriad state actors involved in local governance and government-NGO relations across the different levels of government (Yuen 2020; Yi 2020). Local state fragmentation means that various localities, government agencies and individual officials have their own objectives, interests, and constraints. For example, at the individual level, Newland (2018) distinguishes local officials as implementors and innovators, the latter being more predisposed to working with NGOs. Moreover, we also know that local governments often interpret national policies and their overall direction in different ways (Wu and Chan 2012), and have considerable agency and power within their spheres of control (Fewsmith and Gao 2014, 179).

In China, the community (*shequ*) level bears important roles in service provision, the maintenance of social stability, and party-building activities. State-NGO partnerships in service provision often occur at the community level, with street-level government offices at the forefront of service purchasing. As mentioned in previous chapters, during the 1990s fast-paced urbanization and rural-to-urban migration, the dismantlement of state-owned enterprises and the concomitant decline of the *danwei* system rendered the previous arrangements for urban social welfare provision obsolete. As a response to this situation, the central government encouraged local experimentations in community construction (*shequ jianshe*). The community (*shequ*) emerged during the 2000s as an important institution of local urban governance, a spatially defined urban area below subdistrict (street-level, *jiedao*) governments but larger than resident committees, tasked with various political and administrative tasks.¹²⁵ Devised by the central government, relayed down the urban administrative hierarchy, and linked with the reinvigorated return of CCP party-building activities at the grassroots following its retreat during market reforms, the program of community construction sought to ease the state's welfare burden and help maintain social order (Yan and Gao 2007; L. Shieh and Friedmann 2008; Derleth and Koldyk 2004). It aimed at doing so by replacing one unit of control based on the workplace (the *danwei*) with another based on a defined territory, the community (*shequ*) (Bray 2006).¹²⁶

¹²⁵ The community (*shequ*) is defined by Howell (2016, 490) as "a legally constituted, territorially limited and administratively defined concept." The term community or *shequ* does not imply a unity or agreement of interests among people, however (F. Xu 2008, 23).

¹²⁶ See Xu (2008) for an overview of community/building as a new mode of urban governance. According to Wang, Zhang, and Liu (2018, 13), "community building, as a policy objective, has multiple aims and contradictions. On the one hand, community building is required to achieve multiple policy objectives, including: (1) maintaining and strengthening the [CCP's] leadership at grass-roots level; (2) effectively undertaking and implementing a huge amount of administrative affairs and management work; (3) complementing and effectively delivering community-level social welfare and public services; (4) developing and promoting the autonomy of community residents and their orderly participation in public affairs; (5) activating the community, and mobilizing community residents' enthusiasm for identify with and building the community."

In the 2000s, the concept of community building/construction was emphasized as an important component of Hu-Wen's "harmonious society" concept. Community building sought not only to increase state responsiveness to the needs of the population at the local levels and to enhance service provision. It also aimed to promote self-governance—that is, "self-management," "self-education" and "self-service"—a seemingly more inclusive approach to state-society relations that combines a greater role for citizens, social and private intermediaries, NGOs, and social workers in resolving local governance problems within communities (*shequ*) themselves without government intervention, yet under the extension of party guidance (*zhidao*) and supervision over society (Howell 2016; F. Xu 2008).

Urban communities (*shequ*) are often home to community or neighbourhood service centers (*shequ fuwu zhongxin*) that became an important focal point of state-society relations interaction from the late 1990s onwards. These centers were set up and managed by local governments, which found it challenging to provide direct services to the people. Therefore, over time, the management of these community centers have increasingly been contracted out to NGOs (Jing and Hu 2017). For example, in 2007 NPI (*Enpai gongyi*) submitted a first-of-its kind policy proposition—which was accepted—to the authorities of Shanghai's Pudong New District to take over the management of the Sanlin World Expo Community Centre and to nurture NGOs capable of running community service centers (China Development Brief 2019). As another example, the Shenzhen City (sub-provincial) government contracted the operations of 7,000 community service centers to NGOs (Lei and Chan 2018, 8). Community construction and government purchase-of-service contracting have thus been linked to each other. A large share of government purchase-of-service contracting focuses on the community level, with local NGOs

tasked by street-level offices to provide services that contribute to the larger process of community building (Interview SH-04). NGOs often collaborate with community neighborhood committees (*shequ jumin juweihui*) to provide services within a given community and contribute to community “self-governance.” For example, social services for rural-to-urban migrants, the elderly, the poor or unemployed, the disabled, and other vulnerable groups (e.g., the sick) are often provided at the community level by social work professionals or community NGOs under government contracts. Finally, NGOs are also seen as a carrier for the participation by local people in community construction (*shequ jianshe*) and social governance (*shehui zhili*). As explained by a Shanghai-based scholar, NGOs in general play a very important role in social governance at the community (*shequ*) level “by serving as a hub to activate the atomized individuals in the community, in addition to providing direct welfare delivery” (Interview SH-05).

6.3 The Objectives and Incentives of Local State Actors

What are the motivations of local officials and bureaucrats regarding state-NGO collaboration and contracting of services to NGOs? And what can NGOs bring to local officials, given the incentives and objectives of the latter?

As mentioned in chapter 4, local officials and bureaucrats are accountable for their performance to cadres at the level above them. Under the cadre management system, a task-oriented hierarchical political mechanism used to evaluate the performance of cadres, local officials must achieve specific outcomes and implement policies defined by the central government (Fewsmith and Gao 2014). The cadre evaluation system generates top-down performance pressures that

shape the behaviour of local officials. Focused on economic development since the early 1980s, the cadre evaluation was modified in 2009 to include new performance measures linked to social stability (social management) and service provision (Fewsmith and Gao 2014, 177). Compared with higher levels of government—and especially the security apparatus for whom disciplining potentially threatening elements of civil society under the social stability maintenance agenda might be preferred—governments at the local levels have concrete incentives to act opportunistically and collaborate with certain types of NGOs if those can help local officials meet their performance targets and achieve results (T. Sun 2019, 882; Fewsmith and Gao 2014). Nevertheless, under the larger institutional frameworks of government contracting and social governance, local officials are incentivized to engage in relationships with NGOs. As discussed in previous chapters, the decentralization of welfare responsibilities and public finance constraints during the 1990s led to innovations in social service at the local levels, as local officials were incentivized to engage in state-NGO collaboration because of the linkages of cadre promotion to public goods provision (Teets 2012; 2014). While the Hu-Wen leadership put forward the plan to build a “service-oriented government” that emphasized social management and public service delivery as the main areas of local governance (Fewsmith and Gao 2014), under Xi Jinping the contracting out policy was promoted in a top-down fashion. Indeed, “the NGO service procurement reform requires local governments to implement the centrally imposed policy of purchasing public services from social organizations” (Yi 2020, 603–4). After the 2013 national-level policy change, the implementation of government purchase-of-service contracting with NGOs became a formal task that local authorities must do.

Within this general context, local authorities might seek support from NGOs for public goods provision for several specific reasons. The first reason is the scope of the governance challenges and the relative lack of resources for addressing them (e.g., Sun 2019, 897). More specifically, the lowest levels of the urban administration (the subdistrict or street-level administrative agencies and the neighbourhood committees below them) were often overwhelmed by the tasks of service provision and sometimes unable to meet the demands of community residents. Moreover, the quality of public services was often poor (Interviews BJ-02 and SH-15). In this context, entrepreneurial and open-minded local officials came to think that NGOs might help them improve the supply—and perhaps, the quality—of services in local communities. By transferring the burden of community building and service provision at the grassroots, NGOs could help improve the quality of public service, the satisfaction of residents, and thus the perception of government performance (Interview with leader of community NGO in Shanghai, SH-15). A long-time academic advisor to the Civil Affairs Bureau pointed out that contracting services to local social organizations helped relieve community neighborhood committees of the overwhelming task of providing social work or community services for which they had not capacity:

“Neighborhood committees used to be the provider of services, now they have become the supervisor and manager... Now the organizations that are contracted possess professional qualifications. In my opinion, this change is a fundamental one. This reform... has led to an immediate improvement in the level of service in China, and the government is convinced that these services are specialized” (Interview NJ-02).

Local authorities also seek support from NGOs in search of specialized expertise. For example, professional staff from the Shanghai Administrative Bureau of NGOs confirmed that local government agencies are very much aware of their lack of specialized expertise and capacity to deliver tailored services (Interview SH-04). Indeed, as a result of decades of urbanization and

urban renewal, rural-to-urban migration, and economic development, local governance entails the management of a host of issues that vary within cities. Urban neighborhoods have “diverse demographic and organizational characteristics” and “differ widely in terms of geographical area, population size, the mixture of population groups and the presence of various social and political institutions” (Yuen 2020, 160–61). Under these circumstances, NGOs can help local officials to obtain valuable and concrete information about community needs, as well as policy advice and support for practical solutions (Sun 2019, 882; 893). Indeed, the spread of government contracting has stimulated the development of service-oriented NGOs that specialize in meeting the demand of the government under the contracting out of public services. Over time, certain NGOs acquire a status as “experts” in specific policy areas, where they develop solutions—such as policies or projects—to help local government departments address certain issues (C. L. Hsu 2021, 35).

For instance, one legal advice NGO in Shanghai regularly provides expert advice to local government agencies, helping them draft and revise various legal documents for which they lacked the expertise (Interview with NGO leader, SH-11). Another example is that of the Shanghai Jing’an NGO Federation. Early on, noting the absence of proper contract and evaluation guidelines, they helped draft documents to support the standardization of government purchase of services from NGOs in their district (Interview with NGO leader, SH-19). Another Shanghai-based NGO was commissioned by the Yangpu District Civil Affairs Bureau to conduct two studies and prepare two reports on the design and planning of future neighborhood service centers. This research provided valuable information into demographic trends, current and expected future demand for services and possible localizations of future centers (Interview SH-

10). Moreover, as discussed in section 6.4 in more details, some NGOs specialize in the provision of third-party evaluation services for Civil Affairs bureaus (or foundations), in organizational capacity building, and take on various functions including the management of large events and the management of community service centers. In cities where such practices have been undergoing for several years, these services are becoming highly valued. According to a former bureaucrat from the Shanghai Civil Affairs Bureau, “To tell the truth, here in Shanghai we sometimes say that the government has tasted the sweetness of cooperation with social organizations. This is because government-NGO partnerships mean less spending and better efficiency” (Interview SH-06).

Another consideration is the issue of blame avoidance. Local authorities are blamed when policy implementation fails or when local citizens complain about specific grievances. This is done by design: “By putting local government in charge of implementing policies, the central government distributes the risk among thousands of local governments and thus does not itself have to deal directly with the people” (Fewsmith and Gao 2014, 181). As a consequence, many officials are generally risk averse and thus will not tolerate service provision activities that reveal their failure at performing their duties or even worse, cause them to lose face (Cai and Zhang 2016, 271). Hence, local officials seek collaboration with NGOs that can provide services that are needed for targeted groups, that are trustworthy, and unlikely to pose risks or create problems. In this context, local officials can let NGOs take the blame when implementation is unsatisfactory. As one official explains,

It is a good idea to outsource responsibilities for low-risk but potentially controversial tasks to community organizations. If there are any problems, they will take the blame; if there are no problems at all, they will take care of the cost and we might get the credit. Why wouldn't we be glad to have more of them? (T. Sun 2019, 880–81)

Indeed, according to a bureaucrat from the Shanghai Civil Affairs Bureau, NGOs can act “as providers of social services, enablers of social stability, and as a decompression valve for social conflicts.” They explain further that

Our society is now in a period of transition, there are many new social needs arising in this period of transition, and there will be many new social conflicts arising... If social organizations are involved, there will be a *firewall* between the government and the common people, which will release some of these conflicts. Therefore, it is called a *pressure-reducing valve for social conflicts*. So, we also realize that social organizations can play a big role in this area. (Interview SH-04, emphasis added)

From the government standpoint, shifting the provision of services to NGOs thus has an important advantage: “basically eliminating the direct confrontation between community residents and the government” (Interview SH-06). According to this former bureaucrat at the Shanghai Bureau of Civil Affairs,

Some local governments think that NGOs lead to a better form of interaction between the government and residents. In the past... the residents came up and began to raise all kinds of demands, raise all kinds of problems, raise all kinds of accusations, saying that the government did not do a good job... It's different when the services are provided directly through NGOs, the expression of these voices, the expression of issues will be more rational, it will be more flexible, it will not be so intense. (Interview SH-06)

Relatedly, Sun argues that local government officials seek to “identify the regime-supporting groups through the differentiating strategy, and then cultivate the groups with higher productivity to form partnerships and outsource responsibilities” (T. Sun 2019, 894). At the same time, these “good” organizations are not only further integrated in local governance, they also help “to protect the reputation of the local state by shielding it from blame” (T. Sun 2019, 882).

Local authorities need to find out which NGOs are professional (efficacious) service providers and also trustworthy. To achieve their objectives and manage risks, local state officials seek to

differentiate NGOs (T. Sun 2019; Wu and Chan 2012).¹²⁷ According to a Shanghai-based scholar, from the government point of view “it is a process of trial and error, leading to the improvement of the NGO ecology... If the previous phase could be called one of wild growth, the current one is a reshuffle, whereby some organizations will stand up—the good ones—and the government will feel more reassured that NGOs can undertake [the functions it seeks to outsource], the people receive better services, and the participation of the community [in self-governance] emerges as more dynamic” (Interview SH-05).

Nevertheless, the relationships between NGOs and local officials are highly diverse.¹²⁸ For instance, municipal governments and street offices do not share the same interests regarding NGOs. While the former seeks to implement the policy of cultivating professional service providers, the latter often sees NGOs as a mere subordinate unit to achieve tasks. According to Yuen Samson,

While Street Offices consider NGOs as “administrative arms” for easing their workload, the municipal Civil Affairs authorities aim to cultivate their professional service capacity for meeting the needs of marginalized groups and invigorating the lackluster community services. (Yuen 2020, 161)

Nevertheless, local officials can use—either selectively or in combination—three different strategies of informal political control: cultivation, co-optation, or infiltration (Mattingly 2019). The goal is to find and nurture the “right” types of NGOs. As Yi notes, “The official NGO

¹²⁷ In this process, some kinds of NGOs are preferred, but this seems contingent on various factors. In Shanghai for instance, the focus at the Municipal Civil Affairs Bureau in 2017 was on encouraging the development of public welfare and charity NGOs, community service-oriented NGOs, and NGOs centering on social conflict resolution (interview with Shanghai Civil Affairs Bureau representative, SH-04).

¹²⁸ State-NGO collaboration at the local levels is typically not a zero-sum game. NGOs have the potential to help local officials achieve their objectives and in return, might acquire government funding and other opportunities that benefit them too (as will be discussed in chapter 7). See e.g., Carolyn Hsu (2021, 34–36).

assessment systems and NGO service procurement bidding processes offer the formal channels for government authorities to select NGO partners” (Yi 2020, 608). Therefore, the selection process for government contracts provides various incentives for NGOs to take into account and align with the needs of local officials/agencies. It also provides a mechanism for screening NGOs and promoting the small-scale development of NGOs. Overall, the party-state thus seeks to maintain a degree of discomfort to contain organizations whose goals or activities are undesirable, while it promotes the development of public welfare and the broader NGO sphere under its own terms.

6.4 The Role of Intermediaries: Incubators and Non-Profit Support Organizations

This section explains the role played by intermediaries—that is, non-profit support organizations and incubators—in contributing to the development of service-oriented NGOs and the public welfare ecosystem. As discussed in previous sections, the government contracting policy is both a requirement that must be implemented by lower levels of government, as well as a potential opportunity to leverage NGO assistance to achieve various objectives, such as the provision of services to local populations. Several cities have created, sponsored, or collaborated with social NGO incubator centres (incubators) and other nonprofit support organizations (NSOs).

China’s most famous and influential intermediary is probably *Enpai* (NPI). NPI was established in 2006 in Shanghai by Lu Zhao, a former chief editor of the newspaper of the Ministry of Civil Affairs, *Philanthropy Times* (*Gongyi shibao wang*) (L. Ding 2016). Lu Zhao established NPI with the support of Ma Yili, the then head of the Shanghai Pudong New District Civil Affairs Bureau. Ma Yili, then as director of the Social Development Bureau in Pudong, had also

pioneered the government purchasing of services in 1995 by contracting YMCA Hongkong to run the Luo Shan Community Center (L. Ding 2016, 129).¹²⁹ NPI was initially funded by the Ford Foundation and the Narada Foundation (Ding 2016, 131). It started by providing capacity building support to nonprofit start-ups, free facilities, training, and other assistance on registration requirement and policy influence. Soon, it attracted the attention of the authorities:

In July 2007, Liguang Li, the vice minister of the Ministry of Civil Affairs, visited the NPI office in Shanghai. He spoke highly of the Incubator model and... expressed his willingness to support it and promised to reduce redundant registration procedures to create a more favourable environment for grassroots NPOs [nonprofit organizations]... NPI soon extended its presence. (Ding 2016, 131)

NPI was rapidly entrusted with managing community service centers. In 2008, it set up Wulixiang, a model NGO for the purpose of taking over the management of community (*shequ*) service centers and the implementation of community building programs (China Development Brief 2010). Soon, NPI operated several community service centers in Shanghai and encouraged this broader trend. For instance, the Yanji Street Government in Yangpu District contracted out the management of community service centers to a newly created local branch of NPI, Zhixing, and to a promising NGO founded in 2001, the Yanze Social Development Center (Jing and Hu 2017). As explained by its Vice-President Ding Li, in 2010, NPI was tasked by the Ministry of Civil Affairs to replicate its nonprofit incubation model all over China, which led to the establishment of more than 300 NGOs and incubators across China (L. Ding 2016) and to more than 3,000 NGOs receiving support in various issue areas (NPI n.d.) What is more, at some point “NPI was directly managing 13-14 incubators, and we also provided technical support for another 30 incubators,” explains its Vice-President Ding Li (China Development Brief 2019).

¹²⁹ Ma Yili was thus a visionary leader whose personal agency played an important role in the early development of government service contracting to NGOs.

From the onset, NPI embraced social entrepreneurship and the social innovation (*shehui chuangxin*) agendas and sought to distinguish itself from the “older” NGOs established in the late 1990s and early 2000s and GONGOs. Indeed, according to NPI’s founder Lu Zhao, initially focused on nonprofit incubation and capacity building support for newly established NGOs, NPI rapidly expanded into the fields of community service platform, public fundraising and venture philanthropy, and corporate social responsibility (China Development Brief 2010). NPI nowadays partners with the Chinese government at various levels, Chinese philanthropic foundations, and major corporate companies. It has established more than 50 offices and project sites across 19 registered offices across China.¹³⁰ With respect to government purchase-of-services contracting, NPI established itself as a third party “one-stop” solution for government departments interested in implementing the purchase of NGO services, by advertising its ability to standardize the contracting process and to conduct the screening, monitoring and evaluation of project proposals. NPI also provides consulting, supervision and training activities for governmental (and NGO) clients on project bidding, assessment and monitoring (Interviews with NPI senior managers in Shanghai (SH-06) and Beijing (BJ-08)). NPI thus operates as an influential third party involved in project design, coordination, monitoring and evaluation (Interview with NPI senior manager in Beijing, BJ-08). While one of NPI’s main areas of work previously focused on the demonstration of NGOs and purchase of services potential. In 2019, NPI rebranded itself as Enpai Public Welfare (*Enpai gongyi*) and reformulated its overall mission focus as “advocating the concept or idea of public welfare” (*changdao gongyi linian*) and “Building a Support System for Community Development.”

¹³⁰ Information from NPI’s website and information brochures.

Another example of intermediaries between local governments and NGOs is the hub-style social organization model (*shuniuxing shehui zuzhi*), illustrated by the Shanghai Jing'an NGO Federation, a membership-based industry association that serves its member organizations in the Jing'an District. It was founded around the same time as NPI's following the signal by the central government that social organizations could play a larger role in China's social development and governance. Established in 2007 and registered under the supervision of the Jing'an District Civil Affairs Bureau,¹³¹ it was the first of its kind both in Shanghai and China, and among the early recipients of government purchase of services funding in Shanghai, according to one of its representatives (Interview SH-19). It focuses on serving the needs of their approximately 300 constituent members (all registered social organizations), nurturing and helping them develop in an "orderly fashion"—i.e., by combining both strong internal management, a business-oriented approach to organizational development and funding, and internal party building—to promote their participation in local service provision and social governance. Building on its close ties with both the party district committee and the district government, this hub-style NSO plays a bridging role (*qiaoliang niudai zuoyong*) between them and its members. On the one hand, it leverages its closeness with the authorities to facilitate and help solve potential relational issues its members might encounter in their operations or development. On the other, it supports the development of service-oriented NGOs that fully adhere with the agenda of expanding the influence of the CCP within NGOs.¹³²

¹³¹ Information from the organization's informational brochure.

¹³² Chapter 7 explores CCP party building in NGOs in more details.

The Main Roles of Incubators and NSOs

It is possible to synthesize the main roles of China's NGO incubators and support organizations. First, incubators engage in capacity building by training and nurturing specialized and professional service-oriented NGOs. This includes many aspects related to support nonprofit start-ups, such as regulatory (registration) assistance as well as training in fundraising and human resources management. Second, they are contracted by governments at different levels to implement various projects and manage programs. This includes managing community service centers, organizing or facilitating public events, and conducting third-party performance evaluation. One of their main areas of work is to conduct evaluation of other organizations and help select those that fit the standard requirements to receive government contracts. NSOs help selecting organizations for the purpose of government service contracting, assessing their competency, and fit with government program priorities. One example is the Beijing-based NSO named the Philanthropy and NGO Support Center, which was registered as a private non-enterprise unit (*minban feiqiye*) by the Ministry of Civil Affairs in November 2012. Since its establishment, this NSO has conducted research, evaluation and training, but since 2015 has focused on the third-party evaluation of public welfare projects, including both those carried out by large foundations and those implemented by contracted NGOs whose services have been purchased by local governments. As noted by one senior manager, "With the spread of government purchase of services, the demand for third-party evaluation is gradually increasing" (Interview BJ-07). As discussed above, NPI is also often contracted to conduct third-party assessment. Indeed, a senior manager of the NPI branch in Beijing emphasized NPI's work to select projects in tender and bidding processes and evaluate project performance and outcomes (Interview BJ-08).

Third, incubators and NSOs provide an interface between local government agencies and NGOs. They demonstrate the value and usefulness of NGOs and government purchase-of-service at local government levels (e.g., street levels). This is done in various ways, such as by organizing or managing public events and exhibitions to demonstrate “good” projects and concrete examples of what service-oriented NGOs can provide local governments with through contract partnerships (examples are provided below). Intermediaries also engage in relationship management and problem solving and coordination between government departments (the purchaser) and contracted NGOs (the supplier). For instance, NPI has organized events to demonstrate NGO work and project outcomes and invited district and subdistrict (street level) government leaders to visit and learn about NGOs, what they do, and how working with them through purchase-of-service contracting might be useful (Interview with NPI senior manager, BJ-08). For example, starting from 2009, NPI has run the Shanghai Community Services Venture Philanthropy Competition, which is hosted by the Shanghai Civil Affairs Bureau, to demonstrate and promote innovative community service projects, promote organizational capacity building, and the diversification of funding sources (including through venture philanthropy) (L. Ding 2016, 133).

The contracting welfare approach is accompanied by events where the role and contribution of NGO in welfare provision are promoted, successful projects and partnerships demonstrated, norms and expectations made explicit, and various official discourses promulgated. Below are two examples from my field research in late 2017, one in Beijing and another one in Shanghai. Both events emphasized not only the importance of NGOs in welfare provision and the

government contracting policy, but also the concept of public welfare (and their interconnections). NPI was involved in both events.

The Beijing Philanthropy Fair 2017 was held September 1-3, 2017, at a large exhibition centre.¹³³ The event was sponsored by the Beijing Social Work Committee of the CCP, the Beijing Social Construction Work Office, and the Beijing Social Organization Incubation Center. The event was managed by the NPI Philanthropic Consulting Group, a branch of the Non-Profit Incubator (NPI). The event, which took place during the Beijing Charity Week, aimed at social organizations from Beijing, Tianjin and the Hebei province, and sought to provide a platform for mutual exchange, resource matching, and the sharing of best practices and experiences surrounding government contracting and the participation of NGOs in social governance. According to Xinhua, more than 2,000 social organizations of various types participated in the event. More than 100 NGOs presented information about their work and organization, either by setting up kiosks or participating in various discussion panels (Xinhua 2017). Organizations working in very diverse areas of “public welfare” (*gongyi*) participated in the event, comprising welfare/charity activities ranging from elderly care to vocational training, community social welfare and poverty alleviation. Although the social organizations present at the event were quite diverse in size and scope, the event was organized under a coherent purpose: the promotion of public welfare and charity through government purchase of services.¹³⁴ The first day of the event was focused on the demonstration component. The second day was full of presentations and public discussions and speeches. Speeches on several topics broadly related to purchase-of-

¹³³ I attended the full event in person. During the fair, I listened to speeches, spoke with various participants, visited kiosks, consulted NGO promotion documents, etc.

¹³⁴ The event also emphasized philanthropy and venture philanthropy.

service contracting (*zhengfu goumai fuwu*) and social welfare in general were made by government officials, scholars, and senior figures from NGOs. Various discussion panels—comprised of participants including academics, NGO leaders, and representatives of non-profit support organizations and other third parties—focused on the public welfare ecosystem (*gongyi shengtai*), social governance (*shehui zhili*), and social innovation (*shehui chuangxin*). Other important topics of discussions included the overall development of the social welfare sector, program evaluation, human resource development, and organizational management and professionalization. Another important component of the event was the promotion of interaction between street-level officials and NGOs towards “on-site negotiations and matchmaking,” with the former specifying their demands and requirements for purchasing services from the latter (Xinhua 2017).

During the Forum, the “Beijing Social Organizations for Public Welfare Outstanding Organization Award” was awarded to “outstanding” social organizations to publicly recognize their work in the promotion of public welfare. These awards and related speeches were accompanied by a number of “artistic spectacles,” including a military-style orchestra performance, traditional dancing and a theatrical show performed on the main stage by NGO volunteers. The performance showed participants lined up in an orderly fashion, who declared their motivation to supporting and contributing to social development, the promotion of public welfare (*gongyi*) and charity (*cishan*) and the enhancement of all aspects of people’s livelihoods, under the guidance of the CCP. The event thus combined aspects of the self-governance discourse with the model of purchase of services—along with references to traditional cultural elements.

Another example of this kind of event is the “Shanghai Charity Partnership Day Summit Forum on the Participation of Social Organizations in Social Governance” whose seventh occurrence was held September 15-17, 2017.¹³⁵ This was a major event, organized by the Shanghai Municipal Bureau of Civil Affairs and the Shanghai Municipality Administration Bureau of NGOs on philanthropy, the promotion of public welfare, and the role of NGOs. The event was held at the Shanghai Social Innovation Park (*Gongyi Xintiandi*), whose main role is to provide a dedicated space for NGO training and innovative project demonstration. Echoing neo-liberal ideas their selective application by the CCP (Pieke 2012; Cho 2017), one of the key themes that was emphasized during several presentations was the importance of community responsibility and self-governance: the responsibility of a community to provide for itself and for individuals to take care of themselves.

Therefore, intermediaries contribute to shaping the broader public welfare ecosystem, not only by engaging in the roles described above, but also by helping to establish and diffuse certain discourses, norms and expectations about the role and potential of NGOs in providing services and solving governance problems through participating in government contracting. Finally, these events provide the opportunity for NGOs to network with external stakeholders. They provide an opportunity for the sharing of information and knowledge about the work of NGOs. The leaders and senior staff at NGOs who make presentations during the event also benefit from increased visibility and have an opportunity to develop interpersonal connections with government personnel and leading figures of China’s third sector.

¹³⁵ “*Shanghai gongyi huobanri*” – *shehui zuzhi canyu shehui zhili gaofeng luntan*. I attended the event on September 16-17, 2017.

6.5 Variation in Government Purchase of Services

As mentioned in chapter 5, pilots projects to experiment with the government purchase-of-service contracting with NGOs were first conducted by local governments such as those in Guangzhou, Shenzhen and Shanghai and gradually covered areas such as poverty alleviation, services for rural-to-urban migrants, employment services, care for disabled, AIDS prevention and treatment, elderly care, education, and social work services including mental health support, services for drug addicts or community probation services (e.g., Leung and Xu 2015, chap. 7). These highly developed cities were mandated by the central government to pursue policy innovations and conduct pilot projects. Nevertheless, the spread and implementation of government contracting of services to NGOs has been characterized by significant variation across China. It is important not only to acknowledge the extent of this variation, but also to identify some of the main patterns and idiosyncrasies.

The first obvious indicator that the government contracting out of welfare and social services has developed unevenly across China—similarly to other social policies—relates to the varying levels of government funding:¹³⁶

According to the Ministry of Civil Affairs... 66 percent of all the funding for contracting out social services in 2016 was contributed by the most developed areas in China, namely Guangdong Province (where Guangzhou, Shenzhen and Nanhai are located), Shanghai and Beijing. (Lei and Cai 2018, 152)

Guangzhou and Shenzhen started innovating social welfare provision through government purchase-of-service contracting (*zhengfu goumai fuwu*) towards the end of the 2000s. Under the influence of Hong Kong social policy and social work experts and NGOs, the focus from the

¹³⁶ Chapters 2 and 5 explained that the development of China's social policies has been characterized by important subnational variations (e.g., Ringen and Ngok 2013; Leung and Xu 2015; Shi 2012).

early stage of government contracting in these two cities in Guangdong was on supporting the development of social work. Indeed, one representative of an NGO support organization explains that

Guangzhou and Shenzhen are close to Hong Kong... Most of their experience has been borrowed from Hong Kong and then combined with the local conditions in place...In Shenzhen and Guangzhou, more attention has been paid to the training and development of social work NGOs. (Interview BJ-07)

In Shenzhen, various social services were provided by contracted NGOs who send specialized workers onsite for the purpose of service delivery (Interviews BJ-08 and NJ-02). Guangzhou, adopted a model based on the reliance on community comprehensive service centers or family integrated service centers (*jiating zonghe fuwu zhongxin*), to be established in each street (*jiedao*, subdistrict) (Wen 2017). The “model” of government contracting of services in Guangzhou has been characterized by the delegation of the full package of service provision to social work organizations (service-oriented NGOs) chosen through a bidding competition, and responsible to offer the full range of multipurpose services and activities to community residents (Interview SH-06). For example, by the end of 2016, Guangzhou hosted 188 family integrated service centers at the subdistrict level, managed by street-level government offices (each neighbourhood had at least one centre), with each centre receiving about two million Yuan per year (Lu and Cai 2018). The adoption of this specific model to welfare contracting was shaped by the many exchanges between Hong Kong-based scholars and practitioners of social work with those in Guangdong (Leung and Xu 2015, 166–67). As noted by Wen, “Guangzhou’s design is the product of a close collaboration between government officials, social organisations and scholars. In the late 1990s, some district governments and street offices in Guangzhou started to collaborate with Hong Kong NGOs” (Wen 2017, 72).

However, the reliance outside of Guangdong on social work organizations has been smaller. Contrasting with this approach, other cities generally operate under a more issue-based approach. In Shanghai, the focus is typically on serving a single group of people, says a former bureaucrat from the Shanghai Bureau of Civil Affairs (Interview SH-06). Moreover, while Shenzhen and Guangzhou typically choose larger organizations—some NGO may have up to 200 or 300 staff—which provide a wide range of social services in the community through delegation from the street-level administration, in Shanghai, NGOs tend to be smaller. They usually range from only a dozen staff to 20, 30 and sometimes 50 staff—and they are more focused and specialized (Interview with scholar, SH-05; Interview with NPI senior manager in Shanghai, SH-06). Likewise, in Beijing, the Beijing Civil Affairs Bureau dedicates a given amount to as specific field of social welfare (e.g., services to the disabled) and lets any legally registered NGO apply in the contract bidding process (Interview SH-06). This approach may lead to a more diverse range of NGOs involved in government purchase-of-service contracting (Interview with NPI senior manager in Beijing, BJ07; Interview with scholar SH-05).

Moreover, the spread of government contracting has been uneven within specific provinces and even within individual large cities. As already mentioned, some localities have been more active than others in developing policies and administrative guidelines for the implementation of government contracting. Another aspect of this variation is the different levels of interest by government officials for the policy itself and for partnership opportunities with NGOs. For instance, in the Municipality of Beijing, relatively well-funded districts, such as Xicheng and Chaoyang, have been much faster to cooperate with nonprofit support organizations in establishing NGO incubators for the purpose of fostering service-oriented NGOs, while other

districts such as the Daxing District have only slowly caught up with the broader policy trend (Interview with NPI senior manager, BJ-08). In Shanghai, the pioneering role of the Pudong District is well-established, not only with the first of its kind Luoshan project but also because of the Shanghai Pudong Non-profit Development Center (*Shanghai pudong feiyingli zuzhi fazhan zhongxin*), registered in 2006 and very closely related to NPI. Besides, the Jing'an District was also at the forefront of “innovating social governance” and promoting the contracting out of services to social organizations. This can be seen in the level and increase in funds for the government purchase of services from NGOs. In 2007, the Jing'an district government purchased less than 20 million yuan of services from social organizations, by the end of 2015 the amount had reached 45 million. In 2016, the enlarged district of Jing'an (it merged with Zhabei District in 2015) spent 87 million in purchase of services, 137 million in 2017, and future increases were planned (Interview with a senior leader of a hub-style NSO in Jing'an, SH-19). According to this respondent, Jing'an District was contracting out approximately 500 projects each year, divided to around 200 organizations.

Hence, the level of funding available for government contracts varies tremendously across China, even within a given city. A senior manager at NPI explains that in Beijing “the amount of funding in Chaoyang District is relatively large, from 6-7 million to 10 million per year in the beginning to 30 million per year now, but the amount of funding in Dongcheng District is only 1 or 2 million” (Interview BJ-08). These numbers change rapidly, however. An academic who often advises the local government in Nanjing says that “it is hard to get accurate numbers. In Nanjing for instance, the number of NGOs, the number of projects, the amount of funding, this all changes a lot each year” (Interview NJ-02).

6.6 Discussion and Conclusion

The institutionalization of government purchase-of-service contracting (*zhengfu goumai shehui zuzhi fuwu*) at the local levels has progressed since its inception in pilot locations. Local state actors had a greater general knowledge of the potential of state-NGO collaboration in service provision in the late 2010s than before, while a broad NGO and purchase of service support interfaces are developing, notably through the presence of incubators. Some municipalities have taken steps to standardize tender and bidding processes and improve transparency regarding the purchase of services. The municipality of Shanghai launched in 2019 the “Shanghai Social Organization Service Supply and Demand Matching Platform” (Shanghai Bureau of Social Organizations n.d.) This platform was first pioneered in the Jing’an District (Interview with scholar in Shanghai, SH-13). The citywide platform now provides information on specific projects for which a governmental purchasing entity at the city, district and town level seeks contractors, the main content and objectives of the project, its budget, the qualifications that are sought after, and other requirements for the contractor. The current main welfare and service areas for which NGO contributions are currently prioritized are listed. As of September 2022, these include elderly care, poverty alleviation, services for the disabled, services for the youth and women, community governance, community services, health care, labour and employment, cultural and recreational activities, disaster relief, and other professional services (Shanghai Observer 2022). The Platform also provides a list of NGOs seeking contracts, as well as a list of recommended organizations to undertake the purchase of services, which is updated yearly. To be included on this list, NGOs must have been registered for more than two years, received an

assessment grade of 3A or above from a third-party evaluation, and have experience in government contracting.¹³⁷ In 2021, this list included 201 NGOs for the entire municipality.

However, several lingering issues point to a clash between policy rhetoric and reality. For example, as pointed out by Li Dongfeng, head of the East China region of NPI at the 6th China Charity Fair in 2018, the planning and project solicitation stages across government departments and localities are characterized by their discrepancies. In general, there is no unified management platform for managing the contracting process. There remains considerable uncertainty among local government agencies regarding the disbursement of funds and the requirements for selecting NGO partners (*Bu zhidao zijin ruhe fang, bu queding xuqiu zhengji leixing*) (Nanfang Zhoumo 2018). According to several interviewees, the financial and taxation agencies are very conservative and slow down the development of the purchase of services approach (e.g., Interview with a scholar in Shanghai SH-13, Interview with NGO leader in Shanghai, SH-10). Moreover, as for evaluation requirements, the most important factor seems to be the adherence to standards and procedures—akin to ticking the appropriate boxes on a form— rather than organizational ability.

A similar situation was also observed in Guangzhou, where criteria for project evaluation at the bidding stage lack clear guidelines and vary across different districts and subdistricts; moreover, the procedures used in project outcome assessments conducted by different third-party evaluators may also vary, even within the same city (Lu and Cai 2018, 51–52). Finally, assessment processes remain subjectively shaped by the presence of reciprocity networks and the need to

¹³⁷ Chapter 7 provides more details on the conditions to acquire government purchase-of-service funds, including NGO annual assessment and performance evaluation.

prevent leaders from losing face (Interview with Shanghai-based researcher, SH-13). Moreover, as explained by a senior representative from NPI in Shanghai, although the government purchase of services policy requires the implementation of a third-party evaluation mechanism, in practice the evaluation mechanism remains weak especially in second-tier and third-tier cities. Not only are specific operational practices often lacking, but certain cities rely only on NGO self-assessment of project performance (Interview SH-06).

Early research on government contracting to NGOs emphasized the limited nature of contracting bidding competition (Jing and Chen 2012). Despite improvements in the standardized nature of contract bidding and partner selection (such as the recently improved online matching platform in Shanghai mentioned previously), some interviewees mention the persistence of an “insider” factor in the selection of NGO partners. Scholars such as Yuen Samson (2020) and Yi Kang (2020) refer to the problematically close relationships that may develop between street offices (patrons) and their NGO partners (clients). For instance, looking at the situation in Guangzhou, Yuen argues that the close relationships between street-level governments and their NGO partners “even spawned corrupted practices, such as kickbacks for street officials in the tendering process. These outcomes contradicted the MBCA’s [Municipal Bureau of Civil Affairs] original intent to invigorate community governance through the delivery of professional services” (Yuen 2020, 179). This problem also came out during my fieldwork and reveals an incomplete process of institutionalization of the government service contracting policy. One subject-matter expert close to government authorities mentioned, as an example, that in Nanjing Qinhuai District three employees at the street-level office involved in social work affairs resigned from their position and set up a social work NGO. Soon, they were contracted by their former employer to provide

the same kind of services as they did previously, with funding coming from the street office (“those people from the street office divided the money among them,” said the interviewee). Then, they not only managed to contract their original work but also leverage their connections to expand into nearby subdistricts (streets) (Interview NJ-02). Avoiding rent-seeking and corruption thus remains a priority, according to a representative of the Shanghai NGO Administrative Bureau (Interview SH-04).

Meanwhile, the marketization of public welfare remains a contested trend subject to vigorous debates in China (e.g., Jianxing Yu and Chen 2018; China Development Brief 2017). For some, a new unwelcome trend is that the availability of government funding for services contracting represents an opportunity for profit-motivated enterprises to set up and register an NGO as a façade to obtain a share of these funds:

There are a lot of commercial companies that will see this as an opportunity... They register a social organization in the hope that they can get the funds from the government... They may have enough money and staff, but their level of professionalism is lacking... Their intentions and that of “pure” public welfare are different: public welfare organizations and social organizations are hoping to solve a social problem, while private or commercial companies are profit-driven. (Interview with NPI senior manager in Beijing, BJ-08)

Uncertainties persist regarding not only future governmental funding levels, but also the boundaries of what can be contracted out and thus provided by NGOs (Interview with Shanghai NGO Administrative Bureau bureaucrat, SH-04). In fact, as pointed out by a senior manager at NPI, one of the main challenges to the development of welfare contracting is that some governments may not necessarily know which services should be purchased from (contracted to) NGOs and which governmental functions should be transferred to them (Interview SH-06). However, according to this respondent, this may be more frequent in smaller localities than in

first-tier or second-tier cities.¹³⁸ Still, local bureaucrats tasked with implementing the purchase of services from local NGOs, are sometimes unaware of the salience of social issues, of which services could be reasonably contracted out—because of a lack of research and knowledge on the local social ecosystem—, and of which organizations are professional service providers and thus potential collaborative partners. This echoes Hasmath and Hsu (2014)’s observation of the lack of epistemic awareness of NGO activities on the part of certain local state authorities.

As several interviewees observe, the scaling up of government contracting to NGOs overall remains limited by the lingering worries by state actors about the hypothetical threat to stability posed by a vibrant NGO sector (e.g., Interview SH-13). As mentioned earlier in this chapter, there is also some tension between the varying interests and objectives among lower levels of government (e.g., Yuen 2020). The analysis presented in this chapter thus confirms what Yi (2020) and Yuen (2020) alluded to about the tendency for short-term instrumental behaviour and goal of administrative absorption on the part of the relatively more reluctant street-level bureaucrats, against the ideal of building longer-term “partnerships” with professional and innovative NGOs—that nevertheless should embrace state goals and vision—put forward by the Ministry of Civil Affairs and many scholars. Therefore, the process of conversion that characterizes the gradual institutionalization of China’s policy of reliance on NGOs through government purchase-of-service contracting is not unidirectional: while some local officials embrace the policy, others rather seek to exploit its ambiguity to achieve their own goals. Hence, despite the proliferation of policies, rules and practices, the institutionalization of the government

¹³⁸ This interviewee gives the example of local authorities in the county-level city of Changshu (which is under the jurisdiction of Suzhou, in Jiangsu) being unable to know what to do with the funds allocated for the purchase of services.

contracting of services to NGOs approach remains not only incomplete considering its stated objectives, but also subject to important variations across regions and within large cities themselves. Such variation and gaps in implementation are consequential for the process of institutional change. Indeed, following Mahoney and Thelen (2010), we know that compliance, in terms of the gap between policy formulation and enforcement, and ambiguity regarding practical implementation of rules and public policies, create space for agency; these political dynamics may contribute—especially in context of relatively weak administrative capacities—to producing gradual institutional change.

Focusing on the dynamics of state-NGO relationships under the government contracting approach and the concomitant regulatory environment, chapter 7 turns the attention to NGO motivations and strategies in the changing institutional environment and on the impacts of the government contracting regime on the broader issue of NGO development.

Chapter 7

NGOs and Government Service Contracting under Xi Jinping

Focusing on the period since 2012, this chapter examines NGO perspectives on government purchase-of-service contracting and the institutional and regulatory reforms that articulate this new approach underpinning state-NGO relationships. This analytical perspective will help to better understand the mechanisms of political control at play in the implementation of state-NGO collaboration and government welfare contracting. The chapter also sheds light on NGO motivations and adaptive strategies given the changing institutional environment. Finally, it considers the implications of the government contracting regime for the broader issue of civil society development.¹³⁹

First, the chapter explains the context, constraints and incentives Chinese NGOs have faced under the government contracting regime and the accompanying institutional environment, marked by the Charity and Foreign NGO laws. The chapter then analyzes the motivations NGOs had for participating in government purchase-of-service contracting and explains the conditions under which government funding (contracts) was available to NGOs. This includes details on the assessment and accountability mechanisms applying to registered NGOs involved in government contracting, as well as on the implications of party building in NGOs (*shehui zuzhi dangjian*). Finally, the chapter analyzes the adaptive strategies available to NGOs. It also notes failures and limitations inherent to the government service contracting policy framework. Overall, the chapter

¹³⁹ The fieldwork for this research was completed at the very end of 2017. While additional research was conducted after that, the main empirical observations and citations offered in this chapter refer to a situation (i.e., pre-Covid-19) that might have changed in very recent years.

shows that the government contracting policy combined with its concomitant compliance mechanisms has had significant impacts on NGO behaviour and strategies and thus, by extension, on the larger issue of NGO/third sector development—in the period from 2012 until 2018-2020.

7.1 NGOs and Government Service Contracting

The section presents the main motivations of NGOs for participating in welfare contracting. It explains the context, constraints and incentives NGOs face under the government contracting “regime” and the accompanying institutional and regulatory ecosystem.

The Recent Political and Regulatory Context Faced by NGOs

As explained in chapter 5, after Xi Jinping assumed power in 2012, China’s third sector entered a new phase of development. Data from the Ministry of Civil Affairs shows that the number of registered social organizations increased rapidly during the 2010s, from 445,000 registered social organizations to approximately 800,000 by January 2019. From the beginning of its mandate, the Xi Jinping's administration has decided to respond to the growth of China’s third sector with a refinement of the “carrot and stick” approach resulting in a transformed institutional context intended for reshaping and bringing the Chinese third sector/NGO sector fully in line with the objectives and interests of the CCP.¹⁴⁰

Acknowledgedly, Chinese NGOs were engaged in welfare provision prior to the Xi era, in a social space determined by the political environment (A. J. Spires 2011; Hildebrandt 2013; Teets

¹⁴⁰ Shawn Shieh (2018) calls this project an ambitious effort to remold China’s civil society in the Party-state’s image.

2013; Kang and Han 2008). Chinese authorities have also used a sort of carrot and stick approach towards NGOs. Local governments often modulated the degree of control imposed on NGOs according to the nature of their activities, the themes they focus on, their registration status, their degree of “autonomy” from local authorities, or their proximity to international NGOs, for instance (Kang and Han 2008; Wu and Chan 2012; Jing 2015).¹⁴¹

Since Xi Jinping came to power in 2012, civil society has experienced greater repression, signalled, notably, by the publication of the so-called Document 9, officially titled “On the Situation in the Ideological Sphere,” a list of instructions from the central committee of the CCP to party cadres that was leaked to the media in 2013 (ChinaFile 2013). The document called for greater ideological control of universities, the media, and the Internet, opposed democracy and political liberalization, and questioned the universality of human rights. The continuing focus on stability maintenance (*weiwen*) and the reinforcement of authoritarian controls towards civil society meant a tighter environment for NGOs (Yuen 2015; S. Zhao 2016). Furthermore, the availability of funding and support from international NGOs was greatly diminished following the Foreign NGO Law of 2016. Meanwhile, the incentives towards some kinds of service-oriented NGOs have grown, with increasing opportunities to receive government funding by way of contracting combined with regulatory change that removes dual registration requisite and facilitates direct registration with the MCA. These changes have contributed to the promotion of so-called charity (*cishan zuzhi*) and service-oriented organizations (*shehui fuwu jigou*) working on topics aligned with government priorities, focused on the provision of non-core public

¹⁴¹ As discussed in chapter 4, Government-NGO relations take place with the context of the legacies of the recurrent political campaigns upholding state-society relations of the past decades, leading to long-standing ambiguity and uncertainty within the third sector, including the contingency of legal status and funding (Dillon 2011).

services. Nevertheless, the spread of government purchase-of-services contracting policies represents an important change, especially when the concomitant regulatory changes governing China's third sector—and government-NGO relations more generally—are considered. In the aggregate, these changes, covered at the macro level in chapter 5 and analyzed in more details below, amount to a new political opportunity structure (Teets and Almen 2018), a shifting “ecology of opportunity” for Chinese NGOs under Xi Jinping (C. L. Hsu and Jiang 2015; J. Y. J. Hsu, Hsu, and Hasmath 2017).

China's Charity Law (*cishan fa*), which came into effect in 2016, is “the single largest change in civil society governance in recent decades” (A. J. Spires 2020, 572).¹⁴² The law addresses two long-standing issues: NGO legal registration and fundraising. First, it simplifies the registration process for service-oriented NGOs. The Law removes the requirement for several categories of Chinese NGOs to find a supervisory agency; instead, charitable and community organizations can register directly with the Civil Affairs Department at the relevant administrative level (International Center for Not-for-Profit Law 2021, 13). Importantly, the Law “institutionalizes this as a nationwide policy” (A. J. Spires 2020, 577). Second, the Charity Law opens possibilities for fundraising for some organizations—the new so-called charitable organizations. The Charity Law does not grant fundraising rights to all types of NGOs. Instead, the Law introduces a new legal category of NGO, the charitable organization (*cishan zuzhi*), which is eligible to receive tax benefits as well as targeted and unsolicited donations. Charitable organizations are also permitted to raise funds from the public after being registered for two years (A. J. Spires 2020, 577). The Law also creates a process for registered NGOs to obtain a charitable organization status.

¹⁴² For more details on the contents of China's Charity Law and other related regulations and laws, see International Center for Not-for-Profit Law (2021).

The emphasis on the notion of charity (*cishan*) is not without consequence for NGOs given recent efforts by central authorities at delineating the discursive boundaries regarding NGO activities deemed legitimate and worthy of support by the state. Indeed, public speeches and interventions by government officials, especially those at the top of the Ministry of Civil Affairs, have helped to define quite narrowly the fields of intervention that NGOs can and should undertake while emphasizing the importance of “doing charity” (*zuo cishan*): these include poverty alleviation, helping to create a social safety net, providing services to vulnerable segments of the population and engaging in community building, as well as other regime priorities such as social governance and stability, and the development of “core socialist values” (A. J. Spires 2020; Snape 2019a). In fact, as Holly Snape rightly points out, the shift towards the concept of “charity” as defined and used by the Party, the government, and their agencies gradually dismisses, but does not explicitly prohibit, activities such as advocacy for various interest groups, including women's rights, environmental rights, LGBTQ rights and migrant workers' rights. It does so in part by denying them space, such as official support and recognition or funding opportunities (Snape 2019a). While NGOs often attempted in the past to get around regulations, navigate grey zones, and “negotiate the state” (Saich 2000), the strengthening of regulations and their enforcement as well as the emphasis by Ministry of Civil Affairs authorities on NGOs doing charity all point to a more narrow spectrum of permissible activities. In sum, legal reform under Xi “enlarged the space for domestic groups to register, but eliminated the grey zone in which many small community groups and those dealing with more sensitive topics and populations operated” (Teets and Almen 2018, 5).

According to NPI's Vice-President Ding Li, the Charity Law and the related other policy documents show that,

Many government agencies believe that there already are enough NGOs... The government feels it is time to clean up the NGO sector a little bit, especially in the major cities where they have already put a lot of effort in trying to incubate more NGOs over the last decade. Now they think that perhaps it is time to have a pause and rethink the whole policy... The government has been putting more and more effort into community development and autonomous community management system. (China Development Brief 2019)

Yet, new laws and regulations have made it easier for NGOs to register and operate, or at least clarified the rules and expectations. The Charity Law and other new regulations—in particular, the 2018 draft Regulations for the Registration and Management of Social Organizations, a new regulation (still in development as of July 2021) that is intended to replace the previous management regulations covering social associations (*shehui tuanti*), civil non-enterprise units (*minban feiqiye*), and foundations (*jijinhui*)—lower the barriers to entry by streamlining the registration process for most NGOs.¹⁴³ However, once registered, NGOs must comply with detailed regulations and assume greater legal liability. Indeed, both the Charity Law and the 2018 draft Regulations contain specific provisions for sanctions and penalties (China Law Translate 2018). These and other complementary measures based on social credit programs signify that NGOs engaging in “undesirable behaviour” can be blacklisted. Indeed, according to the 2021 China Philanthropy Report,

Two “blacklists” have been established: one for social organizations engaging in irregular activities, such as failing to submit their annual work reports to the Civil Affairs Bureau in a timely manner or failing to set up party groups according to regulations, and another

¹⁴³ The 2021 China Philanthropy Report by the International Center for Not-for-Profit Law (ICNL) specifies that the draft Regulations for the Registration and Management of Social Organizations, “would allow four categories of social organizations to register directly with the Ministry of Civil Affairs: industry and trade associations and chambers of commerce; science and technology organizations; public welfare and charitable organizations; and urban and rural community organizations. In other words, social organizations in these four categories would no longer be required to get approval from a PSU” (International Center for Not-for-Profit Law 2021, 13).

for social organizations that have committed serious illegal or dishonest acts, such as falsifying registration materials. The social organizations on these lists cannot bid on government contracts or receive government financial aid. (International Center for Not-for-Profit Law 2021, 25)

Regulatory efforts targeting so-called “illegal social organizations” have been strengthened, with the Ministry of Civil Affairs cracking down on fundraising and NGOs operating without having properly registered with the authorities ahead of specific politically charged anniversaries (R. Guo 2021).

Meanwhile, the Foreign NGO Law, which came into effect in January 2017, has severed most foreign funding sources for domestic Chinese NGOs. International NGO operations in China, including their fund granting activities, must now be approved by both their PSU and the Ministry of Public Security. In practice, the Foreign NGO Law eliminates the possibility of foreign NGOs to provide funding to more vocal and independent NGOs working, for instance, in rights protection and advocacy, because many of these NGOs are not registered (S. Shieh 2018). While foreign funding becomes increasingly unavailable, the two dominant funding sources for NGOs have become government contracting (purchase of services) and domestic private foundations’ grants (Yi 2019).¹⁴⁴ This changing “NGO funding game” is “leading to a result-driven and institutionalized environment in which NGOs are highly dependent on donors” (Yi 2019, 501). However, private foundations generally maintain close relationships with the state. A recent study of NGOs in Sichuan revealed that “the rise of private foundations and various public fund-raising channels are potential alternative resource suppliers; however, to date, local officials still retain a near monopoly in the power and resources that determine the NGOs’ fate” (Yi 2020,

¹⁴⁴ This chapter focused on government contracting; for more information on the development of private foundations’ grant making activities, see e.g., Yi (2019) and Shieh (2017).

607). It thus becomes ever more important for NGOs to establish their reputation and build a clear “niche” within the larger field: “NGOs, especially the small ones with limited resources, must be able to identify their appropriate niche to focus on. An appropriate niche means that there is a strong need for the service and that this service is also accepted by the government” (Cai and Zhang 2016, 271). Hence, Chinese NGOs operate in an increasingly marketized environment, where fundraising necessities, efficiency and specialization requirements, and competitive pressures ever remain sources of concerns for them.¹⁴⁵

Relations with donors, most importantly local government agencies and departments, are conditional, as was analyzed in chapter 6. NGOs must carefully manage their relations with a dominant state in order to achieve their operational objectives and organizational survival (Cai and Zhang 2016). Moreover, given China’s fragmented state structure, NGOs and their leaders also need to navigate the mixed (sometimes conflicting and unpredictable) signals sent by the various local authorities—which are themselves disparate and ambivalent actors— they encounter (Stern and O’Brien 2012). The previous chapter invoked the various views towards NGOs held within the different levels of local governments. Hence, while Chinese NGOs typically seek to work cooperatively with local state actors and agencies, state fragmentation implies that NGOs interact with various localities, government agencies and individual officials with their own agendas, interests, constraints, and ideas (C. L. Hsu and Jiang 2015; Wu and Chan 2012). NGO relations with government agencies are thus ever more important, including for the sake of improving an organization’s competitiveness in contract bidding (R. Zhao, Wu, and Tao 2016). In sum, Chinese NGOs operate in an institutional environment marked by an

¹⁴⁵ For various perspectives held by senior figures of China’s third sector on the implications of the marketization of the non-profit sector trend, see e.g. Li Yuanhui and Tang Shuhua (2016).

abundance of constraints and contingencies and must compete for limited resources as they to seek to build capacity, gain legitimacy and reputation, and achieve their mission objectives.¹⁴⁶

NGO Motivations Towards Government Service Purchasing Contracts and Partnerships

What are Chinese NGOs' motivations for seeking partnerships with state actors and pursuing government purchase-of-service contracts with local state actors? Although NGOs vary greatly in terms of their mission, member bases, internal structures, financial systems, and relations with the state, donors and global actors (Jolkkonen 2019, 453; Cammett and MacLean 2014), their roles as social policy actors can be analytically simplified as that of "implementor" addressing unmet needs in a gap-filling role or as more formal contractors for governments, of "partner" working jointly with government and donors (typically under discourses of collaboration, partnerships, and co-production), and of "catalyst" willing and able to contribute to processes of policy and social change (D. Lewis 2013, 67–70). Notwithstanding these variations, NGOs, as organizations, face a common challenge: how to survive. This fundamental goal necessitates various resources and capabilities. A representative from a Nanjing-based NGO attests to the need for NGOs to secure financial resources in order to operate and survive: "I think that the biggest thing I worry about for the overall operation of a local social organization like ours is the question of how to survive. What I am most concerned about is the money issue" (Interview NH-05).

As noted by Hsu and Jiang (2015), until the beginning of the Xi era, Chinese NGOs followed two basic approaches in designing their resource strategies: state alliance versus state avoidance.

¹⁴⁶ This situation somewhat alludes to the problem of "organizational insecurity" identified in Cooley and Ron (2002).

As mentioned above, the transformation of the “NGO funding game” combined with regulatory changes in the Xi Jinping era has increased the importance of state funding—and the incentives for seeking it. According to an official from the Shanghai Municipal Social Organization Administration, many organizations that fail to obtain government program funding simply cannot survive (Interview SH-04). Likewise, a Nanjing-based scholar explains that,

If you want to survive in this environment, while you can get money from the market by offering your organization’s services, the most important part comes from the government... There is no other channel... Foreign funding has become very rare... So, in general, the average NGO has to get some projects from the government... It's very clear, I think: if you do not get funding from the government, you won't remain in business or in the community for a long time. (Interview NJ-02)

A representative of a Nanjing-based NGO focusing on services for migrant children explains that, “From our current point of view of an organization that has been incorporated for five years, then I can only say that nowadays, if I don't have a government-funded project this year, this means we are nothing, that is zero, nothing. Our dependence on the government purchasing is still very high, very high” (Interview NJ-05). Likewise, an affiliate of NPI states that “if there was no government purchase of services for social organizations, it would be very serious... We can only extrapolate, maybe 70% to 80% of the organizations could not exist... I think for 70% to 80% of existing organizations it would be very difficult to continue to develop” (Interview NJ-01).

Obtaining government funding is thus a necessity, in general, for the average service-oriented NGO. Moreover, NGO participation in government purchase of service contracting can also bring benefits. According to another informant,

For social organizations, the government purchase of services is good, because it solves the problem of insufficient funds in the early stage of their development and helps them

later on. By participating in government purchase of services, social organizations can enhance their cooperation with the government and understand the government's thinking... The government purchase of services is a sort of platform for communication. Mutual influence is a constructed process, not a singular one. In some of the relatively more developed regions, the local government and social organizations have a very cordial relationship, they come together to discuss and negotiate how to work together... This is achieved through the government's policy of purchasing services. (Interview SH-13)

Another positive aspect for NGOs of government purchase-of-service contracting is to gain valuable information about local communities and build trust with them, via their affiliation with (and endorsement by) local government agencies (e.g., Jing and Hu 2017). After all, many NGOs not only face capacity issues, but also do not yet possess social (or “brand”) recognition (Interview SH-04). Indeed, the concepts of NGOs and non-state welfare provision in China remain relatively new to the population, who often assumed that NGOs were in fact a local state or party agency (C. L. Hsu and Jiang 2015, 7–8).¹⁴⁷ Several NGO informants, especially those working at the community-level, mention that several Chinese citizens (especially older residents), are still confused by the distinction between local bureaucrats and NGOs. While service recipients will feel grateful towards the individuals directly providing services to them, such as social workers or other NGO staff, they still often express their gratitude to the government for the availability of those services (Interviews SH-10, SH-14, SH-18). One NGO representative explains the situation:

We have been doing this for so many years... At the very beginning, when we entered the community, the neighborhood committee said that we were volunteers. Then the people thought we were the neighborhood committee. Until now, we have at least educated the government, educated the neighborhood committee, they know we are social organizations... But the people, especially our service recipients, in thanking us, have

¹⁴⁷ Indeed, it should be remembered that, as discussed in chapter 4, social welfare provision was a monopoly of the state after 1949 and until recently. Moreover, the early 2010s saw a series of scandals involving high-level charities, which resulted in a loss of popular trust vis-à-vis charitable organizations and the larger NGO sector more generally; these scandals signaled the need for increased accountability and transparency of the use made by charities of public donations (Simon 2013, 321–24).

been saying, “thank you to the government, thank you General Secretary Xi, the 19th National Congress went very well.” (Interview SH-14)

Nonetheless, given the relatively low level of citizen knowledge of and trust in NGOs—especially those newly established or external to a given community—one of the main advantages of working under government contracts is that it gives the organization legitimacy and help build trust with local communities. In addition to information about local communities, being chosen by the local government also provides NGOs with reputation. These two resources (information and reputation) help determine the ability of new or external NGOs to “quickly embed themselves into the community” (Jing and Hu 2017, 198). Being contracted (and thus endorsed) by the government provides an NGO with credibility and legitimacy, which might lead to greater trust within the community. An NGO leader explains that collaborating with street-level bureaucrats through government service purchasing contracts is useful because they help NGOs by doing “publicity” about their work (NJ-05). As a consequence, it is easier to mobilize the local people, to secure the cooperation of local community resident committees, and to achieve project objectives (Interviews SH-04 and NJ-05).

The acquisition of government purchase-of-service contracts may contribute to organizational capacity building by helping building trust and reputation with the government (e.g., Cai and Zhang 2016). Indeed, an analysis of the long-term partnership between NPI and the Yanji Street Government in Shanghai reveals that,

Service contracting provides a relatively pragmatic and goal-oriented context [for NGOs to learn about] priority issues of officials, public institutions and policies, emotional management of officials, routines and standard operating procedures, work rhythm of the bureaucracy, rituals, hidden rules, tricks and makeshifts, languages and rhetoric, and zone of tolerance. They learn how to wait for opportunity windows and negotiate and argue with governments without breaking the bottom line. (Jing and Hu 2017, 199)

Service contracting and collaboration with government agencies can also increase the possibility to increase the influence of Chinese NGOs and their opportunity to bring about social change. First, the acquisition of government contracts for funding might allow organizations to scale up their operations and demonstrate their expertise to a larger audience. This may also happen when the government “borrows” a successful project idea or model and apply it on a larger scale (C. L. Hsu and Jiang 2015, 11–12). Second, service contracting can be a pathway to closer collaboration with local government departments and agencies and potentially increased policy influence (at the local levels). The evidence suggests that Chinese NGOs value achieving social change above their own autonomy, and some are able to leverage their issue-specific expertise into collaborative relationships as consultants with local government agencies (C. L. Hsu 2021, 35–36; Teets and Almen 2018). NGOs can have substantive policy influence, manifested in three ways: “shaping government departments’ internal work methods..., facilitating policy implementation by bringing in knowledge and expertise, and... influencing policy revision by pointing out policy weaknesses” (Farid and Li 2021, 607). As analyzed in the previous chapter, as state consultants, NGOs can develop research and innovative solutions that address concrete problems that local officials are unable to resolve by themselves.

7.2 Conditions for Participating in Government Service Purchasing

What are the conditions for getting access to government service purchasing contracts? What are the mechanisms of control and compliance that derive from this form of support? This section explains the main conditions under which government contracting is available to NGOs. The main aspects analyzed are the performance evaluation processes and party building requirements

surrounding the accreditation of NGOs and the granting of government contracts. As examined below, the eligibility and regulatory criteria are both formal and informal.

The first precondition for participating in government service purchasing bidding competition is to be legally registered. As discussed previously, registration has long been a fundamental mechanism of state control over NGOs (Kang and Han 2008; A. J. Spires 2020). It now has become a basic criterion for applying to government funding. The second condition for participating in government social services contract bidding processes is linked to the government NGO evaluation system (Yi 2019, 507). NGOs are evaluated annually by third parties in collaboration with local civil affairs bureau. During this mandatory evaluation process, NGOs are required to provide financial and activity reports; their internal governance is also examined. In addition to the leadership structure, the experience of NGO leaders and the presence of a functioning board of directors, the core items/standards reviewed as part of the annual assessment generally also include the NGO's financial statements (Interviews SH-14 and SH-17). Although evaluation standards vary across localities, contracting is only possible for registered NGO with formal internal governance structures (Jing and Hu 2017, 199).

An optional accreditation process that divides NGOs into five categories ranging from 1A to 5A also takes place. Obtaining a score of 3A and higher depends on the kind of activities undertaken, the clients (people) that are covered by these activities or projects. The “social influence” of the NGO is also a factor. Having successfully undertaken contracts with the government previously, and the service achievement rate (e.g., number of clients served, number of activities carried out) can also be taken into account (Interview SH-17). According to several

informants, regulation standardization—that is, following the conditions set in the assessment index—is often one of the most important factors in the rating, rather than organizational capacity or professionalism per se (e.g., Interviews SH-13 and NJ-01). Hence, the second condition for participating in government service purchasing bidding competition is to achieve a sufficient assessment score during the annual evaluation. NGOs also seek to receive as high an accreditation rating possible to improve their competitiveness in government contracts bidding processes. A minimum score of 3A is often required to undertake government contracts above the community level (Interview SH-17), but organizations with 4A or above are usually preferred. In 2018, for example, the Shanghai municipality funded more than 200 new projects for subcontracting worth 100 million RMB (15 million US \$) to NGOs that had received an evaluation score of 4A or more (Xin and Huang 2022).

For some NGOs, the 1A-5A accreditation becomes part of their branding, in many ways. It is shown on their promotional documents and website; moreover, it is also displayed next to their name on governmental and sectoral NGO repertories. However, several interviewees also point out that these evaluation schemes, given all the work they involve, are highly time-consuming, and thus impact negatively on their core mission and responsibilities towards their clients. Also, notwithstanding the efforts of civil affairs bureaus and some of their partners such as NPI to improve evaluation processes and their standardization, several NGO informants deplore the variability and lack of clarity of the standards and their measurements. For example, an NGO informant points out that, with respect to bidding competitions,

Every province and every city have different bidding policy documents... the process of evaluation, the source of experts, the ratios, the specific review process may be different, same with the scoring. Experts will be scoring, but the scoring sheet will be different...

Scoring sheet comparison, it is horrible, and comparing it out you'll find it's just a randomness. (Interview NJ-01)

Although government service purchasing contract bidding processes are presented as an open, market-based competition, several interviewees deplore the continuity of informal, arbitrary, and political criteria for selecting NGOs. An informant even asserted that “although Chinese social organizations compete for government service purchase funds through bidding, it is not a level playing field, not a fair one. That’s all fake” (Interview SH-13). This is consistent with Yi’s argument that “in the procurement of NGO services and the routine supervision of NGO activities, for instance, formal institutional arrangements are often a mere public façade masking alliance building that centres on private rapport and reciprocity” (Yi 2020, 607).

Finally, as discussed above, official discourse and policy have increasingly promoted the “virtue of charity” and the necessity for NGOs to “do charity” (*zuo cishan*) and promote social governance (*shehui zhili*), while discouraging rights-based and advocacy-oriented work (e.g., Snape 2019a). If engaging in politically sensitive activities may put an NGO’s registration status at risk, organizational political reliability is also a key criterion for funding (Yi 2019, 504). NGOs’ political reliability is assessed partly through CCP party building (*dang jianshe*) requirements, which I examine in the next section.

7.3 Party Building in NGOs

Amidst the background of the regulatory transformations described above is the growing presence of the CCP in China’s social organizations—and private businesses too. NGO party building (*shehui zuzhi dang de jianshe*) is a major campaign by the CCP—guided by its Leninist

legacies—to increase its presence and penetration at the grassroots of Chinese society and within the increasingly vast number of NGOs, through the establishment of CCP party branches and the promotion of party construction activities within NGOs (Thornton 2013; Xin and Huang 2022). In practice, party building in NGOs entails the presence of a party unit (branch) within an organization, led by a party secretary who is responsible for party-building activities within that local branch of that NGO. Party representatives within NGOs are also expected to routinely report to and consult with supervisory units higher in the party hierarchy (see below) about various aspects operational aspects such as programing, fundraising, and party-building activities. The increased presence of the party within NGOs also implies that party members within the local branch must participate in training and workshops about the party priorities and ideological correctness. They are expected to contribute from time to time to activities organized by the local party committee in the community, which can be time-consuming (Interviews SH-04, SH-11, SH-13 and NJ-05).

Party building varies across three different organizational forms (Xin and Huang 2022, 438–39). When an NGO has at least three full-time CCP party members, an independent party branch is established. However, given that many NGOs are small, an alternative is to join (or co-build) an existing joint party branch (*lianhe dangzhibu*). If the NGO leader is a party member and the NGO has at least two other members, the leader frequently takes on the role of party secretary of the local party branch within the organization (Interviews SH-11 and NJ-05). According to Xin and Huang, “Through this arrangement, dubbed ‘interlocking personnel’ (*shuangxiang renzhi*), the Party-state wishes to incorporate NGO activists and ultimately consolidate its foothold in the social field” (Xin and Huang 2022, 437).

The implementation of the NGO party building (*dangjian*) program and the supervision of party construction work has required the adaptation of institutional arrangements. In Shanghai, a new regulatory regime has been put in place, with the prefectural-level Social Work Committee (*shehui gongzuo weiyuanhui*), tasked with overall supervision of party-building work, being at the centre of this system (Xin and Huang 2022, 435–36). The Party Building Service Center (*dangjian fuwu zhongxin*) deals with routine party affairs for non-state organizations and seeks to provide various kinds of services to NGOs, including skills training and social activities. The Federation of Social Organizations (*shehui zuzhi lianhehui*) is a mass organization that also supports party building by establishing joint branches for their smaller members at the district or street level (Xin and Huang 2022, 435–36).

The requirement for NGOs to establish a party branch when they had three or more CCP party members existed since the turn of the century; however, this requirement was usually routinely ignored. After 2012, efforts to “comprehensively cover” (*quan fugai*) all Chinese NGOs with party branches were stepped up (Xin and Huang 2022). Around 2015, the CCP announced that all social organizations with party members must either form a party branch within or join an already established party branch and launched a large-scale campaign to implement this goal (Xin and Huang 2022, 428). Furthermore, the 2018 draft Regulations for the Registration and Management of Social Organizations formalize party building as a legal requirement for NGOs. In fact, the 2018 draft Regulations contain several articles on CCP party establishment and party-building activities, in terms of conditions for NGO establishment, supervision and management. For instance, under the new NGO regulations, applicants seeking to establish a new social association, social service organization or foundation must submit a work plan for the

establishment of a CCP party organization within their organization. Under the new provisions for CCP supervision and management of NGOs, party construction work as well as the credentials of NGO leadership must be reviewed by external supervisory bodies (China Law Translate 2018). Furthermore, in August 2018 a notice (*tonghzi*) covering what social organizations under the supervision of the Ministry of Civil Affairs are expected to undertake and comply with was published (Ministry of Civil Affairs 2018). The notice highlights the goals and tasks of political party building in NGOs. First, party building aims to “resolutely safeguard” the position of the CCP under the leadership of Xi Jinping. Second, party building entails ideological work to deepen the study and the implementation of the “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.” Third, party building shall help enforcing the CCP’s “political discipline and political rules.” Fourth, it contributes to the “political” life of the party. The last two goals are perhaps more revealing (and they relate more concretely to NGOs). The notice states that party building in NGOs aims at helping prevent and defuse political risks, and that political criteria in the selection and appointment of personnel within organizations shall be given prominence. NGOs are also expected to shoulder additional responsibilities, including the promotion of ideological and political education, within NGOs. The notice concludes by calling for increasing the intensity of supervision and inspection of party-building activities and their implementation.

The scope and extent of CCP party building have increased significantly during the 2010s. The table below (data from Xin and Huang 2022) shows the scope of NGO party building across China, both in terms of the number of CCP party units within NGOs and the estimated penetration rate across the (registered) NGO sector. Nonetheless, the coverage rate of NGO party

building varies across China, even among large cities. In Shanghai for example, the coverage of party branches in social organizations increased significantly at the turn of the 2010 decade.

Local authorities aimed for 100% coverage by 2020, according to a representative of the Shanghai NGO Administrative Bureau (Interview SH-04).

Table 7.1 Party Building in NGOs Across China

Year	2008	2012	2013	2014	2015	2016	2017
Number of party cells/branches (thousand)	12	79.8	115	184	204	289	303
Estimated penetration rate of the CCP (percent)	2.9	16	21	30.4	30.8	41.2	39.8

Source: Table is reproduced from Xin and Huang (2022, 429). Data is estimated by Xin and Huang from the Statistics Bulletin of the Chinese Communist Party (*zhongguo gongchandang dangnei tongji gongbao*) and the China Statistical Yearbook (*zhongguo tongji chubanshe*).

An important aspect of NGO party building is its linkage to NGO evaluation, and thus to government contracting eligibility. Several criteria under which NGOs are evaluated (the performance evaluation system mentioned previously) are linked to party building and related activities (e.g., Interviews SH-11 and SH-12). In turn, eligibility to apply for government funding/contracts depends on a satisfactory evaluation, typically 3A or above. For instance, in Shanghai since 2017, NGO performance in party building is one of the factors that determine their eligibility to receive government contracts. One must have established a party cell to achieve 3A, while the 4A accreditation level can only be achieved if the party-building efforts are deemed sufficient in the evaluation (Xin and Huang 2022).

Moreover, various policy documents were published to notify NGOs interested in government contracts to establish a party branch or merge with an already existing joint party branch. In September 2015, the Document 51 entitled Opinion on Strengthening Party-Building in Social Organizations (*guanyu jiaqiang shehui zuzhi dang de jianshe gongzuo de yijian*) was published by the General Office of the Central Committee of the CCP (Xinhua 2015). As explained by Snape, “Although this has long been required, new mechanisms are being created to make Party cell establishment necessary to the involvement of these organizations in social governance [...] For example, in some places, to be eligible to take on government contracts a social organization must have a three-star rating. Without sufficient Party building within the organization, it cannot be granted this rating” (Snape 2019b, 692). As mentioned above, after 2019 this requirement was institutionalized nationally. In sum, NGOs face additional requirements to establish CCP party units within their organizations, participate in party construction work, and submit to external supervision and monitoring of their efforts in this domain. Increasingly, failure to achieve satisfactory performance in party building has become linked to the NGO accreditation process and hence to their ability to compete for and obtain government contracts.

7.4 Government Contracting and NGOs: Implications and Adaptations

The analysis above explained how the “rules of the game” for NGOs have changed during the Xi era. This section analyzes key implications for NGOs and their responses to the above-mentioned institutional environment.

Implications for NGOs

As argued above, the impact of the spread of government contracting combined with regulatory reforms is that it makes the state less avoidable for NGOs, especially insofar as their dependence on government contracting funds has increased. However, government contracts are typically short-term and project-based and are designed to respond to concrete needs and government priorities. This produces important consequences for NGOs. To begin with, given the steep decline of foreign funding after 2016, NGOs that find themselves excluded from the patron-client relationships that often characterize state-NGO interactions and are unable to fundraise face an important dilemma, as NGO compliance and access to government funding become more intertwined than before. A professor from Nanjing University explains that:

In China nowadays, I think, as the social sector carries out the purchase of social services, the whole state of control in the country has already begun to move towards a higher, as we say, level of modernization. In the past, control was based on reporting requirements, on registration... Now it is about having money... If you perform well, you will get more money, more projects, your income will increase, and the government will also endorse you. So, in this way it is like an umbrella. You [an NGO] all come under my umbrella, and if it starts raining down, I [the government] will open the umbrella, and you will revolve around me. In the past there was no relationship, but now there is partnership... But these social organizations do not care about politics. What is purchased by the government are fundamentally social services projects, not political participation projects. The government says, the money is here, my project is here, you must follow me, if you listen to me, I will provide you with funding... Therefore, the NGOs that have expanded and those that can grow are, in my opinion, the result of the government's guidance. (Interview NJ-02)

A representative of a Shanghai-based NGO explains that local governments often treat them like an extension of government arms, requiring them to do things outside of contract scope, behaving with a sense of superiority towards their NGO partners, requesting unplanned meetings at any time, and getting angry when NGOs push back (Interview SH-10). This is consistent with Yuen's finding that "NGOs easily succumbed to pressures from Street Offices because the latter

remained the dominant party in the procurement relationship. To signal their compliance, social workers often resorted to taking up administrative tasks from street officials” (Yuen 2020, 178). Furthermore, as a consequence of aligning themselves with the authorities, NGOs are deflected from their original *raison d’être*. According to Renmin University Professor Kang Xiaoguang, “some grassroots organizations, after gaining legal status and being incorporated into the system, soon afterwards face real pressures to compromise or even abandon their own values, reduce their advocacy function and orient themselves towards social service activities in order to ensure their survival” (S. Shieh 2018). As Allard explains, “financing arrangements of non-state welfare provision may favor efficiency over concerns about equity, sustainability, and predictability” (Allard 2014, 255). Government funding can depoliticize NGOs by drawing them away from sensitive topics and advocacy and towards service provision (Atia and Herrold 2018, 1050). For instance, in their study of social work NGOs in Guangzhou, Yuen observes that “even though social workers did enjoy a considerable extent of operational autonomy in conducting their services, they had to carefully navigate these ambiguous government boundaries. To avoid conflicts with street officials, they had little choice but to refrain from engaging with potentially sensitive groups or issues and to focus on service delivery only” (Yuen 2020, 174).

These tendencies towards the depoliticization of NGO work are compounded by the short-term, project-based, structure of Chinese government contracts. As pointed out by Allard, the ability of non-state welfare providers to hire and train competent staff, provide services to clients, and develop their operations depends on the availability of a consistent flow of funding (Allard 2014, 251). Under China’s government purchase-of-service contracting, funding is typically for one-year projects. This is problematic for a few reasons, explains a Nanjing-based NGO leader

(Interview NJ-05). First, the first year of a project is often spent on getting to know service clients and building relationships. The current short-term project lifecycle means that another NGO might win the bidding competition after one year. Hence, it is neither easy to build trust and reputation with local communities, nor to demonstrate innovation and build “brand recognition” under such a short timeframe. Second, project funding remains uncertain and, as a result, NGOs easily face income disruption. This is not conducive to the overall objective of achieving long-term, sustainable organizational development. Third, project-based service purchasing is not conducive to the development of your agency’s core staff. This inability to develop core staff might lead to a “perpetual state of fluidity and weakness” (Interview NJ-05). Overall, this observation is consistent with Cho (2017) and Lu and Cai (2018, 39), who both deplore the low salary and precarious employment conditions of NGO social workers—as well as their subordination to government officials.

The short-term timeframe of government contracts is a major issue for NGOs, because it is less conducive to capacity building and sustainable organizational development. An NGO leader explains that the continual search for project funding as a survival imperative often takes precedence over the development of a core organizational identity and strength. The lack of emphasis and capacity for long-term development planning represents a challenge for NGOs, because “if you do not have a core competitive advantage, you may just be replaced by others, and your business will be gone” (Interview SH-15). NGOs also face considerable uncertainties and increasing competition, notably because “it is not so evident yet how large the government market is, how large the market for us [for NGO services] is,” explains an NGO leader (Interview SH-15). Several NGO representatives mention that the degree of competition among

NGOs is high. For instance, the leader of an NGO in Shanghai explains that, “The pressure to get a high evaluation score is very high... NGOs have to find ways to do their own publicity, their branding, it's about survival... It is very tiring, but it seems that there is no choice, otherwise your development is essentially limited” (Interview SH-10). Another informant explains that “perhaps one day the problem will be that we [NGOs] are all doing the same thing, and the degree of competitiveness will be quite large” (Interview SH-15).

Moreover, as mentioned in chapter 6, local governments set the price of the services that are contracted out and specify contracts requirements. According to most informants, local governments often set lowball contract amounts. An NGO representative explains that, “the amount (RMB) of services purchased by the government is actually very low... Although we are all non-profit organizations, this fundamentally weighs us down... it's really only enough for personnel and activity fees, and there's nothing left” (Interview SH-14). Furthermore, one senior manager at NPI explains that the arrangements surrounding government contracting of services to NGOs typically entail a strict regulation on pricing—that is, on how government funds can be spent by NGO partners—that limits the “healthy” growth of those organizations that rely on government contracts because labour costs and management costs are too low (Interview BJ-08). This issue seemed to be generally well-known, and as a response the Beijing Municipal Civil Affairs introduced a new policy that allows contracted NGOs to include core expenses such as the costs of personnel capacity development and mandatory third-party evaluations, as parts of their requested funding (Interview BJ-07).

Upward accountability is increased under government welfare contracting out. According to a community NGO representative, government documents on contract performance and NGO project accountability “are more focused on the performance based on some superficial figures but ignore the service recipients...and the quality of the provided services” (Interview NJ-01). This is consistent with Cho’s argument that government purchase-of-service contracting in Guangzhou demonstrates neo-liberal dynamics illustrated by the prevalence of “meagre budgets, excessive competition for contracts and laboured processes of assessment” (Cho 2017, 274). Informants seemed to disagree on whether the adverse implications of the project-based and short-term government funding framework exist by design or not. For some, the Chinese state supports social organizations through the contracting policy and cultivates organizations that can contribute to local provision of non-core public services and the general maintenance of stability. However, the content of the policy, including the funding aspects, purportedly only allows the small-scale and limited development of NGOs (e.g., Interview SH-13). For others, government-NGO collaboration through purchase-of-service contracting remains a relatively novel practice and thus a work-in-progress. Overall, informants suggested that the current arrangements underpinning government contracting create considerable ambiguity within the NGO sector. Moreover, some believe that adjusting NGO goals with those of the government leads to less diverse NGOs (T. Sun 2019, 897). On this point, Yi also points out that,

When the local officials receive funding for strengthening local NGO development and social service provision, they spend it on their NGO clients instead of on more suitable or competent outsiders and on strengthening patron-client ties instead of enhancing NGO expertise. Thus, the NGO sector’s diverse potentials and expertise development are severely suppressed. (Yi 2020, 612)

Hence, while the purported objectives of the welfare contracting policy include the development of social organizations, the institutional arrangements and the practices surrounding government

purchase-of-service contracting might instead prevent the strengthening of NGO resilience and autonomy, while helping maintain an uneven distribution of power between the purchasers and regulators (local governments) and non-state providers (NGOs).

Finally, current arrangements for non-state welfare provision might produce only limited improvement in the quality of social service and to community governance. Informants generally agreed that the effects of the development of government service purchasing contracting on the quality of social service development and the quality of service cannot be generalized, with various results ranging from the “catalytic” improvement in the quality of the services provided by NGOs to the exact opposite (e.g., Interview NJ-01). However, one consequence of the rising importance of government service contracting is a narrowing of the range of domains and clients reached by NGOs. For instance, as pointed out by Yuen, “due to reliance on their local state partners, social work NGOs are unlikely to play an active role in serving and advocating for a variety of marginalized and oppressed groups in urban China—migrant workers, religious and ethnic minorities, retired state employees, urban villagers under eviction, LGBT groups, or disabled persons” (Yuen 2020, 182).

Government Contracting and NGO Adaptations

Prior to the transformation of the NGO funding environment described in section 7.1, Chinese NGOs adopted different resources strategies—that is, a donor-dependency strategy, a state-dependency strategy, or a volunteer-dependency strategy—depending on the specific local environment in which they found themselves (J. Y. J. Hsu, Hsu, and Hasmath 2017) and the background for their leaders (C. L. Hsu and Jiang 2015). Notwithstanding the impact of

resources strategies, Gleiss, Sæther, and Fürst (2019) argue that Chinese civil society actors exercise agency through four modalities: positioning themselves within a structured political space that presents opportunities and constraints; representing social groups and issues through advocacy; caring for others; and engaging in identity formation.¹⁴⁸ Positioning themselves for NGOs implies not only making a decision in terms of pursuing or not legal registration, but also choosing specific issues, activities, and the time and scale of their engagement (Gleiss, Sæther, and Fürst 2019, 9–10). Another choice for Chinese NGOs is whether to engage in advocacy or not and on the mode of advocacy. Caring for others is often perceived as less sensitive or political than advocacy (Ibid., 13-15). Caring for others, if done by way of publicly embracing the charity agenda pushed by Chinese central authorities, can be a means to desensitize an NGO.

Strategic issue selection represents a potential strategy to signal compliance and loyalty. On the one hand, by aligning with state priorities, terminating projects deemed too sensitive, engaging in self-censorship, and avoiding rights-based advocacy, NGOs can attempt to lower the perceived sensitiveness of their work. This is akin to what Sun calls voluntary subordination: the adjustments of their work goals and projects, and the voluntary registration with local governments to report about their intended activities before engaging with a given community, which created in return “a much larger space to conduct their projects, and fewer suspicions and confrontations arose” (T. Sun 2019, 896–97). If several of my informants alluded to the inevitability, even banality, of this strategy, other interviewees were less sanguine about it. An

¹⁴⁸ While Gleiss, Sæther, and Fürst (2019) do not explicitly consider recent issues such as the spread of the government contract or regulation change under Xi Jinping, their four modalities of agency offer a valuable viewpoint.

interviewee candidly asserted that, “Nowadays, most NGOs rely on the government, and will do whatever is asked of them to receive funding” (Interview NJ-01).

On the other hand, this strategy might also be done in a strategic, performative way. One obvious example is using the state rhetoric to “rebrand” an NGO’s work and activities by strategically adopting the official discourse of the day; this is done, for example, by talking of service provision or public welfare instead of rights, of contributing to social governance and to community conflict resolution instead of advocacy. Another example is that of NGOs using the official *suzhi* narrative—which is premised on the importance of the improvement of citizens’ quality of life and on the responsibility of the Chinese authorities to provide for a conducive environment—to legitimate their work by positioning themselves as consultants for party-state officials able to solve social problems (C. L. Hsu 2021).

Still, many NGOs choose to maintain a donor-focused resource strategy. One potential source of funding for NGOs comes from the large and growing number of philanthropic foundations and private foundations as well as from crowdfunding through philanthropic fundraising platforms (S. Shieh 2017; 2020; Yi 2019). Another potential strategy for NGOs is to transform themselves (and to identify as) social enterprises (Arantes 2022). Yet, little is known at the moment about these new seemingly market-oriented innovations in funding. Nonetheless, a recent article by Lai and Spires (2021) on foundation venture philanthropy project funding shows that well-established NGOs tend to be preferred at the expense of smaller NGOs. Moreover, they argue that foundation venture philanthropy introduces market pressures nudging NGOs into “social products providers” and “resource-chasing machines.” Their research shows that in this context,

grassroots NGOs worried that “their advocacy functions [were] displaced by an overemphasis on service delivery or specific social-problem fixing” (Lai and Spires 2021, 89). Finally, it should also be remembered that China’s philanthropic system remains considerably government-organized (S. Shieh 2017, 1795). Hence, given the recent overarching institutional, regulatory, and resource context for Chinese NGOs, avoiding or entirely bypassing the state appears challenging.

Nevertheless, NGOs and their leaders remain often apt at managing the various official requirements and pressures. For example, as one NGO executive director commented, joining a party branch is sometimes only a benign formality, one that could even increase the ability of the NGO to better position itself in the local administrative ecosystem (Interview SH-11). Running a local party branch might also, perhaps counter-intuitively, protect that NGO by rendering its work less suspect and thus less politically sensitive (Interview SH-11). This confirms Xin and Huang (2022)’s findings, which show how one labour dispute resolution NGO was very appreciative of the help a party branch had brought to their organization:

Because labour union could be a contentious group, in the past we have always been regarded as a troublemaker and relevant government departments are always on the scene to monitor our activities. At one time, they even closed our bank account and stopped our donation. But after we took the initiative to set up a party branch, all of these problems almost disappeared overnight. (Xin and Huang 2022, 440)

This example shows how Chinese NGOs can sometimes mitigate some of the requirements of CCP party building and turn them to their own advantage.

7.5 Conclusion

This chapter has provided an analysis of the implications of the government purchase-of-services contracting framework and of the concomitant institutional and regulatory environment, emphasizing the perspective of NGOs. Interview data has provided a glimpse into the power relationships underpinning state-NGO partnerships under Xi Jinping—and especially since 2016—and into the attendant practices of governance that promote NGO cooperation and inhibit defiance. Under Xi Jinping, government purchase-of-service contracting, regulatory strengthening, and party building have combined in an attempt at making China’s third sector more supportive of party-state objectives, NGOs more legible and acquiescent. Processes of institutional layering and conversion have characterized the changing reliance by the Chinese state on NGOs through government purchase-of-service contracting. More specifically, section 7.1 described the addition of multiple rules, revisions on top or alongside existing ones (layering), including the Charity Law, the Foreign NGO Law, the Draft Regulations for the Registration and Management of Social Organizations, and Party building requirements. While chapter 6 suggested that institutional conversion was taking place as a result of local officials’ behaviour, chapter 7 provided insights into how some NGOs themselves are trying to exploit the ambiguities and fluidity of these changing rules to achieve organizational goals.

Regulatory reform and cutting the cord with foreign NGOs (and foreign funding) have made Chinese NGOs’ resource strategies more state-dependent, while contingent access to an overall increasing share of government funding for social service provision, public welfare and “charity” work create pressures that restrict the range of permissible fields of activities and clients. Greater

dependency on state funding in a context of hardening authoritarianism means that NGOs have to risk manage their relationship with local state actors even more carefully.

Moreover, the impact of foreign actors and ideas on the process of gradual institutional change has greatly diminished during this period. Under Xi Jinping, processes and strategies of authoritarian consolidation are the forefront of the process of change. Behind the façade of state-NGO collaboration, transparent and market-based standardized bidding competition, and fair evaluation processes, this chapter has revealed the presence of hidden and informal rules as well as persisting unequal relations of power between purchasers and regulators (local governments) and providers (NGOs). For service-oriented NGOs, government purchase-of-service contracting can provide ample opportunities and advantages. Yet, this policy framework seemed to create a heightened degree of competitive pressures among NGOs, together with uncertainties about the overall direction of China's third-sector development. In some ways, state-NGO collaboration materializes not only as a bricolage of institutional arrangements aimed at increasing the provision of social service and welfare provision by, and the transfer of government functions to, NGOs, but also as a form of symbolic performance, as both local state and nonstate actors need to pretend and perform under the requirements of collaboration.

Chapter 8

Conclusion

In this dissertation, I argued that China's changing reliance on non-state welfare providers (NGOs) was a complex and multidimensional phenomenon that could be best understood by bringing together mid-level theoretical tools—more particularly, historical institutionalism and theories of gradual institutional change, as well as theoretical insights on authoritarian resilience. My dissertation combined various analytical perspectives—including institutional legacies, national-level institutional change, local level implementation and political dynamics, and NGO perspectives—to make several theoretical claims. These claims refer to: 1) the *causes* underpinning the changing reliance by Chinese state actors on NGOs; 2) the *process* of incremental change leading to the recent (pre-Covid-19 pandemic) emphasis on government purchase-of-service contracting as a basis for state-NGO collaboration and NGO participation in the welfare mix and the concomitant transformation of the regulatory landscape for NGOs; and 3) the *implications* of these reforms for NGOs and political dynamics shaping government-NGO relations across various Chinese cities.

This closing chapter concludes by summarizing the main arguments and findings of this dissertation. The chapter is divided into four sections. The first section examines the main theoretical arguments that were made in the dissertation. The second section provides a summary of the findings of each chapter, paying attention to the ways they extend, confirm, or differ from the literature and/or frequent theoretical explanations. The third section provides a reflection on the scope and limitations of the arguments of this dissertation. This is followed by a discussion

of key implications of my research's findings. The final section examines promising avenues for future research.

8.1 Main Theoretical Arguments

Drawing on recent insights on the need to take a more evolutionary perspective in the study of authoritarian and Chinese politics (Pepinsky 2014; Shue and Thornton 2017b; S. Xu, Tsai, and Chang 2021), I sought to combine insights from comparative authoritarianism with a more dynamic theory of change (Mahoney and Thelen 2010a; K. S. Tsai 2016). This dissertation tackled not only the issue of the effects of authoritarian institutions on regime durability but, above all, the question of why and how authoritarian institutions and governing practices emerge and change over time. It considered the evolution of institutions and ideas regarding the role of non-state welfare providers within the larger context of social policy change, growth of civil society and, ultimately, in relation to authoritarian politics. The outcome of interest of my dissertation—the reliance by the Chinese state on domestic NGOs via government purchase-of-service contracting—was broadly conceptualized to reflect the somewhat elusive but complementary nature of its interrelated dimensions.

The evolutionary approach taken in my dissertation gives heed to the sequence and mechanisms underlying gradual institutional change. It also takes institutional complexity seriously—because it opens up space for agency (Mahoney and Thelen 2010a; Slater 2010a). My thesis argued that China's changing reliance on non-state welfare providers has been causally linked to three main factors: decentralization, international influences and authoritarian consolidation. First, drawing on previous work (e.g., Teets 2012; 2014), this dissertation argued that decentralization during

the late 1990s and 2000s helps explaining the willingness of some local governments and officials to experiment with the outsourcing of social services to social organizations (NGOs) to address problems of governance and gaps in the provision of social welfare. Decentralization of welfare responsibilities to cash-strapped local governments had engendered policy failures and gaps in welfare provision, which some innovative local officials responded to by turning to social organizations for assistance. Over time, policy learning and diffusion took place through experimentation under hierarchy, whereby leading cities such as Shanghai and Guangzhou were tasked by central authorities to conduct pilot projects, whose results and implications informed national-level reforms. Meanwhile, international influences (events, ideas and actors) helped shape the content of policy reforms. This included not only ideas pertaining to public procurement and other neoliberal-inspired market approaches, but also worries about the potential role of civil society in threatening authoritarian regimes (e.g., Colour Revolutions). Foreign actors played a role—for a while. During the reform era, the CCP sought to learn lessons from abroad to inform its reform agenda and resolve myriads of economic and social challenges. Meanwhile, international institutions—including the World Bank and the Asian Development Bank) were keen to teach their model and influence Chinese reforms and thus provided policy and normative content, including models of procurement. International NGOs used this openness to advocate, carefully, for China's emerging civil society and to support NGOs. However, the role of foreign ideas and actors was overall more contextual than central in driving change. The party-state decided what to test and what to implement and when, following a process of institutional adaptation to fit the needs and circumstances of the regime. With respect to policy change, agency rested above all on the Chinese state, at both national and local levels.

The institutionalization of contracting out policies, which kicked into higher gear around 2012-2013, was closely linked to a process of authoritarian consolidation—defined as “a deliberate state project to improve a regime’s capabilities for governing society” (Göbel 2011, 176). Aimed at increasing the infrastructural power of the state, authoritarian consolidation entailed, notably, the designing of new institutions and rules and the selective adaptation of foreign models and ideas by the party-state to enhance its ability to govern and regulate Chinese society. Relatedly, this dissertation argued that non-state providers such as NGOs may help authoritarian states achieve, under certain conditions, at least two crucial outcomes. First, NGOs can help improve the quality of governance at the local level, namely the provision of public goods and social welfare. Second, certain modes of state-NGO relations can be designed to help containing the disruptive potential of civil society while enhancing the degree of political control of the regime over it. In this dissertation, I argued that an analysis of state reliance on/partnership with NGOs needs to consider the unequal power relationships at play and the strategies of political control and institutional containment that authoritarian regimes may deploy in various fields, with the intention to build consent—to secure either the active support or passive acquiescence of societal forces—and maintain control over civil society. The transformation of China’s regulatory and funding ecosystem for NGOs derived from an attempt at fostering certain types of service-oriented, regime-supporting NGOs while restricting the space for claims-making, rights advocacy NGOs. My thesis documented how infrastructural power shapes NGOs by way of government purchase-of-service contracting policies, including by increasing their dependence on the state and shaping their organizational identity and activities.

Therefore, while international ideas and actors provided a complementary exogenous source of change, the main drivers of institutional change were mostly endogenous. I divided the notion of increasing reliance on non-state welfare providers by analytically dividing the process of institutional change into different phases, e.g., emergence, spread and formalization. The interplay and impact of the factors mentioned above varied during these phases, as explored in chapters 5-7.

My thesis also argued that the process of change underpinning the changing reliance by the Chinese state on NGOs for service provision was incremental and characterized by a combination of conversion, drift and layering (Mahoney and Thelen 2010a). Institutional change was first characterized by drift— not responding to changed socio-economic circumstances until such inaction modifies the impact of existing rules—both by inaction and by design. First, the institutional and regulatory landscape underlying NGO's participation in the welfare mix lagged behind actual practices. The growth in NGOs and their increasing role in service provision and other sectors took place under somewhat obsolete regulations, as discussed in chapters four and five. Second, under China's framework of policy experimentation under hierarchy, specific localities (e.g., Shanghai, Guangzhou and Shenzhen) were tasked with experimenting with novel approaches related to the contracting out of service provision to non-state welfare providers, social work, and NGO funding and management. The institutionalization of these informal practices into formal rules—e.g., through the 2013 Guiding Opinion from the State Council and subsequent national-level decisions and key documents from the State Council and the Ministry of Finance published between 2013 and 2016, as explained in chapter 5—took place only after this process of experimentation and learning had proceeded. Furthermore, institutional change

was characterized by layering—the addition of new institutional rules and mandate revisions on top of or alongside existing ones. The institutionalization of state-NGO collaboration in service provision through government purchase-of-service contracting occurred through the addition of separate yet interrelated rules and revisions onto the existing policy framework, including the State Council Guiding Opinion on contracting (2013), the Charity Law (2016), the Foreign NGO Law (2016), the Draft Regulations for the Registration and Management of Social Organizations (2018), and Party building requirements. Finally, and most importantly, the gradual institutionalization of China’s policy of reliance on NGOs through government purchase-of-service contracting was characterized by a process of conversion—the re-interpretation and changed enactment of existing institutions by actors working within their constraints and trying to exploit their ambiguities to resolve new problems. On the one hand, both in the early stages of the policy and more recently, entrepreneurial and open-minded officials have sought to address welfare gaps and improve local governance by collaborating with, and contracting service provision to, NGOs. Hence, some local officials have embraced the policy. Others, however, have interpreted the policy along restrictive patron-client lines and/or exploited its ambiguity to achieve their own goals, as discussed in chapters 6 and 7. On the other hand, chapter 7 provided insights into how some NGOs themselves are trying to exploit the ambiguities and fluidity inherent to changing rules in order to achieve various organizational goals. Therefore, the process of conversion that characterized gradual institutionalization was multifaceted.

Overall, the reliance by the Chinese state on NGOs through government purchase-of-service contracting emerged from an incremental, ambiguous and slightly elusive process of bricolage whereby various subinstitutions—rules, regulations, public policies—were patchily linked

together into a larger institutional assemblage.¹⁴⁹ In sum, local officials and NGO leaders re-interpreted existing institutions in order to suit new goals, undertake new functions, and achieve new objectives (conversion). Decision makers at the central level added new institutional rules (e.g., policies and regulations) on top of existing ones (layering). The reliance by the state on NGOs through government contracting thus emerged and institutionalized through processes of institutional adaptation—namely, adaptive informal institutions, defined by Tsai as “non-confrontational, informal means to introduce alternative rules” (K. S. Tsai 2016, 274; 276–77)—that complemented existing institutions and broader social policies.

Despite the formalization of policies, rules and practices pertaining to state-NGO collaboration, the institutionalization of the government contracting of services to NGOs approach remains not only incomplete, but also subject to variations across regions and within large cities themselves. Institutional change is also often an experimental process that takes place through various mechanisms of change and entails unintended processes (Mahoney and Thelen 2010b; Conran and Thelen 2016). These include hidden informal rules and persisting unequal relations of power between purchasers and regulators (local governments) and providers (NGOs). These insights help understand the various limitations to the government purchase-of-service contracting framework and, more broadly, patterns of NGO-government partnerships in service provision, which were identified in chapters 6 and 7.

¹⁴⁹ As pointed out by Gerschewski, “an institution comes usually not in the singular but as part of a larger institutional assemblage. Institutions are ensembles that unite subinstitutions under one umbrella. Yet, these subinstitutions are not seamlessly continuous but often only patchily linked with each other” (Gerschewski 2021, 230).

8.2 Summary of Main Findings

The first part of the dissertation, chapters 2 and 3, provided the conceptual and theoretical building blocks to understand the phenomenon under study and explain change. The literature review presented in chapter 2 showed that China's changing reliance on non-state providers (domestic NGOs) is a complex and multifaceted phenomenon taking place at the intersection of China's social policy reforms, public sector restructuring, and third sector development. Moreover, the reliance by the Chinese state at local levels on NGOs via government purchase-of-service contracting could best be understood by unpacking it into five constitutive dimensions: the participation of NGOs in the welfare mix, the leading role of the state, regulatory reform, local implementation within broad national policy framework, and political control.

I argued that recent approaches in the study of Chinese NGOs, including graduated controls (Kang and Han 2008; Wu and Chan 2012; Jing 2015), local state corporatism (Hsu and Hasmath 2014), welfarist incorporation (Howell 2015) and institutionalist approaches (C. L. Hsu and Jiang 2015) each helped understand part of the phenomenon at play, yet needed to be supplemented by other conceptual tools. I argued that Cammett and MacLean (2014)'s seminal work on non-state welfare provision and Morgan and Campbell (2011)'s notion of delegated governance could be drawn upon in a study of the contracting out of non-core public welfare and services to Chinese NGOs—an inherently political phenomenon. Indeed, the delegation of welfare provision and other administrative responsibilities to NGOs entails a considerable degree of government involvement. Hence, I found that drawing on the concept of delegated governance and combining it with the insights of state corporatism and graduated controls was conducive for undertaking an analysis into the power relationships and political implications surrounding the

institutional arrangements and practices of government contracting to NGOs in China. Of course, the specific factors accounting for the origins, the evolution, and the form of non-state welfare provision might vary across different political economy contexts—they are conditional to the nature of the state-society relationship in a given context. In the case of China, the “delegation” of responsibility to non-state welfare providers (NGOs), and the partnerships between local governments and NGOs, are taking place in the context of its authoritarian single-party Leninist political regime. As a consequence, my thesis used Morgan and Campbell (2011)’s concept but adapted it to reflect the Chinese context, such as the dynamics and political control aspects at play in the Chinese state’s reliance on NGOs via government purchase-of-service contracting.

Chapter 3 drew on several middle-range theories on social policy and regime persistence in authoritarian contexts, state transformation, and the interconnectedness between the state and civil society to argue that, from the standpoint of authoritarian states, the reliance on non-state providers such as NGOs might help achieve, under certain conditions, at least two crucial outcomes. First is improving the quality of governance and the provision of public welfare. Second is containing the disruptive potential of civil society while enhancing the degree of political control. Chapter 3 argued that a general explanation for the changing reliance by the Chinese state on non-state welfare providers should emphasize the causal impact of three main factors: decentralization, international influences and authoritarian consolidation. Broadly articulated, decentralization and international influences help understand the emergence of non-state welfare provision, the adoption of market-based approaches, and the gradual spread of government purchase-of-service contracting. Meanwhile, authoritarian consolidation, understood as a multifaceted process and set of strategies (Göbel 2011), aimed at increasing the staying

power of the Chinese party-state through institutional change and the deployment of adaptive techniques of governing (Shue and Thornton 2017b; Hassan, Mattingly, and Nugent 2022). I also suggested that authoritarian consolidation could functionally act as a causal factor prompting social policy expansion and the adoption of reforms aimed at increasing the supply of services and enhancing the quality of governance by collaborating with non-state welfare providers. Finally, this chapter argued that the theories of gradual institutional change proposed by Mahoney and Thelen (2010) and Tsai (2006, 2016) could be productively applied to a case study on the changing reliance on NGOs in authoritarian China, as mentioned in section 8.1 above.

The second part of this dissertation, chapters 4 and 5, provided a macro level analytical narrative that sought to examine relevant legacies and structural aspects pertaining to China's social welfare and third sector development, and examined processes of institutional change at the national level over time, respectively. Chapter 4 pointed to opposite legacies from the Republican and Maoist eras: While China enjoyed considerable state-nonstate collaboration during the late Qing and Republican era, non-state providers were totally displaced after the CCP regime either destroyed or subjugated them during the Maoist era. The development of China's third sector in post-1978 China was partially shaped by the legacies of both the Nationalist and Mao regimes. These legacies include the Nationalist regime's efforts at building a regulatory and institutional infrastructure for managing the third sector along corporatist lines, as well as the legacy of CCP's long-term use of ambiguity regarding of registration (organizational legal status) combined with episodic political campaigns to assert its dominance over the third sector. Furthermore, China's social policy reforms during the reform era would be shaped and constrained by legacies of the redistributive institutions created under state socialism during the

Maoist era. Finally, three important aspects have shaped China's social policy making and implementation in the reform era: fragmented bureaucratic politics, central-local relations, and the partial emergence of pluralistic channels of consultation and participation in policy making. These characteristics of China's governance structures make possible various modes of gradual institutional change possible, by creating space for "adaptive informal institutions" to be mobilized as adaptive responses—or as "non-confrontational, informal means to introduce alternative rules" (Tsai 2006; 2016)—by local officials or other policy entrepreneurs.

Chapter 5 provided a national-level analytical narrative of the distinct phases of social policy and civil society development that have occurred in China over four successive leadership eras: the Deng Xiaoping (1978-1992), Jiang Zemin (1992-2002), Hu Jintao (2003-2012) and Xi Jinping (since 2012) eras. The Deng and Jiang eras were marked by the revival of the private sphere, the spread of market reforms, and the socialization of the welfare system. The rise of NGOs during the Hu era led to major policy debates within the party and society. Could NGOs be relied upon to help deal with the severe welfare gaps and problems of expertise at the local levels? Or were they potential Trojan horses for democratization from western democracies (Teets 2014; Shambaugh 2008)? I showed how, starting from an informal practice emerging during the 1990s, and following a period of local policy experimentation (notably in Shanghai and Guangzhou), the turn to NGOs for service provision via the contracting of services became an important strategy underpinning state-NGO relations and the construction of China's mixed welfare system. The policy experimentation process was influenced by international ideas and models, including market-based public procurement mechanisms, while international NGOs supported the growth of Chinese civil society. Under Xi Jinping, the development of the government

purchasing-of-service contracting framework entered a phase of institutionalization around 2012, which lasted until around 2016–2017. While the issuance of the 2013 Guiding Opinion was a key milestone, the institutionalization of the government purchase-of-service contracting policy remained an incremental process, marked by the layering of numerous policies and guidelines at the central levels. The party-state also undertook wide-ranging administrative reforms that transferred some of the previous functions of local governments to NGOs. This phase was also characterized by major regulatory change, including the adoption of two transformative laws governing China's third sector: the Charity Law and the Foreign NGO Law, which were both adopted in 2016 by the NPC. Under Xi Jinping, these changes took place within the context of stricter CCP control on society and severely diminished tolerance for rights-based advocacy.

The third part of this dissertation, chapters 6 and 7, extended my analysis by examining the implementation of government contracting of services at the local levels and the role of and interactions between various actors—local state actors at different levels, intermediaries such as incubators, and various kinds of NGOs. These chapters also considered the implications of the unequal power dynamics and adaptive strategies prompted by the spread of the purchase-of-service contracting approach. Turning the analysis to the local levels was fundamental because, if the central government provides the overall top-level policy design and regulatory framework, the practices of contracting and the relationships between state and NGO actors occur at the local—e.g., street, district and prefectural—levels.

Chapter 6 presented the main features of government purchase-of-service contracting and emphasized the role of the project purchasing system. State-NGO partnerships in service

provision often occur at the community level, with street-level government offices at the forefront of service purchasing. Although the relationships between NGOs and local officials are highly diverse, local authorities have various incentives to find and collaborate with NGOs that are professional, efficacious and trustworthy service providers. Chapter 6 emphasized the importance of intermediaries, most particularly nonprofit incubators such as NPI (*Enpai*) and other hub-style social organizations and nonprofit support organizations (NSOs). Incubators engage in capacity building by training and nurturing specialized and professional service-oriented NGOs, implement various projects and conduct evaluation work on behalf of local government agencies (e.g., Civil Affairs bureaus), and provide an interface between local government agencies and NGOs. Hence, intermediaries help shape the broader public welfare ecosystem by supporting the diffusion of discourses, norms and expectations about what is expected from and made possible by government contracting services to NGOs.

Chapter 6 also showed that the spread of government contracting (e.g., both in terms of funding levels and scope of practices) has been uneven within specific provinces and large cities themselves. This chapter provided evidence to support the claim that the institutionalization process remained incomplete also because of lingering uncertainty regarding the boundaries of what can be contracted out to NGOs. Hence, my dissertation found that state-NGO collaboration potential still remained suboptimal because of a persisting lack of knowledge about it on the part of local officials. Moreover, the chapter also confirmed the findings made by Yi (2020) and Yuen (2020) regarding the prevalence of patron-client relationships between local state and NGO actors. Despite the accumulation of policies, rules and practices, the institutionalization of the government contracting of services to NGOs approach remains incomplete in regard to its

purported objectives. It is also subject to important variations across regions and within large cities themselves. Such variation and gaps in implementation are consequential for the process of institutional change. Indeed, compliance, in terms of the gap between policy formulation and enforcement, and ambiguity regarding practical implementation of rules and public policies, create space for agency; these political dynamics may contribute—especially in context of relatively weak administrative capacities—to producing gradual institutional change (Mahoney and Thelen 2010a).

Chapter 7 changed the focus of the analysis and emphasized the implications of government purchase-of-service contracting and concomitant regulatory transformation for NGOs. My analysis of the implementation process and political dynamics at play in government-NGO contract-based partnerships provided a glimpse into some of the mechanisms of political control and consent making at play in Xi Jinping’s China. NGOs face a changing institutional and regulatory landscape where the state has become less avoidable for NGO’s resource strategies, and NGOs more likely to engage in strategic self-censorship. Hence, under the guise of mutually positive “partnerships” and of transparent, market-based standardized bidding competition and fair evaluation processes, this chapter revealed the continuing presence of hidden and informal rules, together with unequal relations of power between purchasers and regulators (local governments) and providers (NGOs). Chapter 7 also extended the findings made by Xin and Huang (2022) and Thornton (2013) on CCP party building and the requirement to establish party cells in NGOs, notably by explaining the linkages between party building work, NGO assessment, and eligibility criteria for acquiring government contracts. Finally, if the contracting policy framework officially aims at supporting the development of China’s NGO sector, in

practice informants emphasized the existence of a considerable degree of competitive pressures and organizational insecurity among NGOs. As a result of the prevalence of short-term project funding, government contracting funds out did not appear particularly supportive of NGOs' internal capacity building. Whether this was by design or unintended remains unclear. However, this changing institutional, regulatory and funding landscape did not seem to favor the development of autonomous, independent organizations able to act fully on their own. This chapter explained that NGOs have adopted a number of mitigating and adaptive strategies. This includes strategic issue selection that was used to—sometimes only performatively—signal compliance and loyalty with the state. While some have embraced the opportunities offered by a closer relationship with local party-state authorities, others have rather sought to diversify funding sources by reaching out to corporate donors or redesigning themselves as social entrepreneurs.

8.3 Scope and Limits of the Arguments

The development of this project started in 2016, during a period of major institutional and regulatory change. The fieldwork for my dissertation was completed at the end of 2017. When I conducted field research, the effects of some of the main regulatory and institutional transformations—for instance, the Charity and Foreign NGO laws—were still uncertain and unfolding. The timeframe of my dissertation covers the full period of Xi's first mandate as CCP secretary general and China's leader, and the beginning of the second. While additional research and data collection was conducted until the later stages of the dissertation writing process, it is worth acknowledging that, given the intensity of the changes that have taken place between 2019

and 2022, the main findings offered in this thesis refer to a situation (i.e., pre-Covid-19) that might have changed.

My field research was conducted in large municipalities—Beijing, Shanghai and Nanjing, which are not representative of the broader Chinese context. Given the emphasis of my thesis on theorizing the linkages between non-state welfare provision and authoritarian governance—and the constraints to doing field research in China—focusing on these large cities made sense: first, they are sites of policy innovation and second, because regime-threatening collection action is easier to organize in the capital and major cities, the central government pays special attention to them (Wallace 2014). Although my dissertation did not aim at establishing generalization, I recognize that the scope of my arguments remains limited to these big urban centers. However, it is likely that similar patterns could be found in China’s provincial capitals and major prefectural-level cities. Future research should be conducted in those locations to extend the reach of the arguments.

Although my research focused on NGOs and their role in service provision and policy implementation, there is some evidence that the Chinese state delegates other tasks and functions to other non-state actors and intermediaries for the purpose of seeking the improvement of governance, managing social problems, or for what Tsai called “governance on the cheap” (L. L. Tsai 2017). For example, the Chinese state has delegated some information collection tasks for the purpose of its social credit agenda to private service companies, including Tencent, Baidu and Sina Weibo (Arsène 2021). Also, local state actors even sometimes rely on thugs to boost “everyday state power” and extend the state’s formal coercive capacity; they might also rely on

various political, social, and economic brokers to improve the state's penetrative infrastructural power (Ong 2022). As such, while the scope of the theoretical arguments of my dissertation remains limited to non-state (NGOs) welfare provision and related policies, it is plausible that they could be linked with other theoretical contributions more broadly related to the relationships between non-state actors and the authoritarian state to help illuminate various aspects of China's political economy.

My dissertation was focused on a single country, within-case analysis. Although I took a comparative perspective to enrich the conceptualization and theoretical strengths of my research, generalization beyond the China case was never its purpose. Pepinsky recently noted that “there is growing concern among some country specialists about the emphasis on design and causal identification rather than substantive understanding, which also amounts to a threat to internal validity” (Pepinsky 2019, 196). Thus, the approach of my dissertation was to remain focused on carefully investigating important political phenomena in a single-country and to analyze different dimensions, causes and effects through complementary analytical perspectives to increase the internal validity of my research.

Yet, given the diffusion of norms, ideas and practices across a closely connected, globalized, world—it is likely that comparable patterns of gradual institutional change, non-state welfare provision, and authoritarian consolidation, could be found in other advanced authoritarian contexts. The next section reflects further on the implications of my thesis and provides some reflections on opportunities for future research.

8.4 Implications and Future Research

My analysis holds a number of implications for the study of authoritarian governance, and civil society and NGOs. First, my dissertation has some implications for our understanding of contemporary authoritarianism. If a global “third wave of autocratization is here” (Lührmann and Lindberg 2019), it is important to understand the multiple ways that authoritarian consolidation unfolds, especially in the world’s most powerful authoritarian state—China. My dissertation extends findings of recent scholarly work that emphasizes how several non-democracies have been redesigning authoritarian rule to better fit the circumstances of a globally more connected world; this includes the use by autocrats of soft mechanisms of control rather than hard coercion and overt repression (e.g., Guriev and Treisman 2022). My dissertation sought to respond to the call made by leading China scholars to focus on authoritarian practices or techniques (Shue and Thornton 2017b) and to look “more closely ‘under the hood’ at mechanisms at strategies of governance and state-society relations in authoritarian regimes” (L. L. Tsai 2017, 296). By explaining how non-state welfare procurement partakes in authoritarian consolidation, my thesis contributes to a larger body of literature on authoritarian governance and “innovations”. Notably, my dissertation provided insights into the role of informal rules and power relations between purchasers and regulators (local governments) and service providers (NGOs) behind the façade of increasingly institutionalized state-NGO partnerships and of market-based standardized bidding competition processes for government funding. My dissertation thus advanced the argument that seemingly technical, regulatory, or administrative reforms can be deeply political and play a role in the consolidation and redesigning of authoritarian rule. This includes the (selective) adoption and adaptation of service procurement or contracting out mechanisms—and of various neo-liberal models or ideas that have been promoted globally.

Second, my thesis contributes to the research agenda on the study of gradual institutional change in authoritarian states. My thesis demonstrates that the theoretical concepts developed in Mahoney and Thelen (2010)—including the four modal types of institutional change, displacement, layering, drift and conversion—can be productively applied to the study of public policies and institutions in authoritarian contexts. For Mahoney and Thelen (2010), endogenous changes tend to be the products of shifts in the balance of power or coalitional dynamics—and typically entail dynamics of electoral competition between political parties and their respective allies within civil society and businesses. My thesis showed that the changes in the balance of power in a given political economy setting can occur in various ways—coalitional dynamics is but one (important) mechanism. While China’s elite-level politics remain a black box, shifts in the balance of power can take place in the absence of competitive elections. For instance, Party Congresses take place every five years, bringing significant changes in leadership—including members of the Politburo and Central Committee, in key CCP leading groups and state ministries. New leaders can bring new agenda and policy direction, produce and impose new discourses and slogans. Consider the changes in policy and discourse that have taken place between the Hu and Xi eras. In fact, central in Mahoney and Thelen (2010) is the insight that the modes of institutional change are determined by the characteristics of the political context and the characteristics of the targeted institutions. My thesis showed that this theoretical insight can be productively extended and applied in non-democratic contexts—such as China’s single-party Leninist authoritarian context.

However, as discussed in chapter 3, these theoretical tools are mostly based on the study of formal institutions in advanced political economies. As such, they downplay the importance of

informal institutions and overstate the strength of formal institutions. An important limit, indeed in Mahoney and Thelen (2010) is their relative lack of attention to informal institutions. By emphasizing and providing evidence into the strategies of both local state and NGO actors, the co-existence of formal and informal rules and practices, the gap between policy formulation and enforcement, and the persistent ambiguity characterizing government purchase-of-service contracting and government-NGO relations, my thesis shows the importance of considering both formal and informal institutions in an analysis of gradual institutional change in an authoritarian context.

Third, my dissertation also has implications for the study of China's state-society relations. Lee and Zhang (2013)'s influential research had already pointed out at crucial microfoundations of Chinese authoritarianism, including the resort to bargaining based on a logic of market exchange for the purpose of managing state-society relations, legal-bureaucratic absorption of dissent or potentially threatening actors, and the persistence of patron-clientelism aimed at fostering loyalty and particular relationships among grassroots actors. While Lee and Zhang (2013) focused on protest bargaining and stability maintenance during the Hu era, my dissertation suggests that these microfoundations of Chinese authoritarianism likely extend into other spheres of party-state-society relations, such as NGOs, social welfare provision, and community governance. Moreover, by providing empirical evidence of NGO-state relations through the lens of government purchase-of-service contracting, my dissertation confirms Yi Kang (2020)'s findings on state dominance over society and NGOs through revamped patron-clientelism. These power dynamics are also complex and multifaceted. NGO actors are not only passive subjects; they also

constantly react and adapt to changing circumstances, even when their agency is heavily constrained by the surrounding structure.

How does government purchase-of-service contracting policies fit into the consent making and other governing techniques deployed by the ruling CCP under Xi Jinping? Future research might look more closely into the simultaneous depoliticizing processes and the adaptive behavior of NGOs and societal actors—which includes maneuvering and bargaining with local party-state actors within the context of government purchase-of-service contracting frameworks. While my dissertation alluded to the performativity of state-society collaboration, further work could also refine these insights, notably by drawing from and extending Iza Ding’s work on performative governance into the realm of non-state welfare provision and state-NGO partnerships in service delivery (I. Ding 2020; 2022). Finally, my thesis also suggests that Kellee Tsai’s concept of “adaptive informal institutions,” defined as “regularized patterns of interactions that emerge as adaptive responses to the constraints and opportunities of formal institutions, that violate or transcend the scope of formal institutions, and that are widely practiced” (K. S. Tsai 2006, 125–26), can be applied in other contexts than the Chinese private sector, where it was developed.

What makes researching China so fascinating is also what makes it so difficult, especially given the challenges of conducting field research there: everything changes so rapidly. Less than a year after I had completed my fieldwork, Canada-China relations were crashing down in the wake of the arrest of Meng Wanzhou and the subsequent unlawful detention of Michael Kovrig and Michael Spavor at the end of 2019. And then the Covid-19 pandemic and China’s enduring strict zero-Covid were catalysts in the acceleration of tendencies towards authoritarian hardening and

increased surveillance of Chinese society under Xi Jinping. It became almost impossible for foreign researchers to conduct field research in China. As I was finishing this dissertation, Xi Jinping had further consolidated power and secured a third term as secretary-general of the CCP and head of the PRC. As of late 2022, the context for conducting field research was still very much worrying (see Appendix 1 for a detailed discussion on the challenges of conducting fieldwork in authoritarian contexts like China's). In the meantime, much might have changed in terms of government-NGO relations, NGO management, social policies and other related topics. Or it might not have—or perhaps not according to expectations. As such, future research will also need to examine the evolution of policies and their implementation regarding government contracting out services to NGOs for the period during and after the Covid-19 pandemic. Likewise, extended field research would allow to improve upon the theoretical and empirical findings presented here. What effect the pandemic has had on the trajectory of NGO related policies and government purchase-of-services contracting across China? Has the pandemic reinforced or undermined the tendencies or trends uncovered in this dissertation? Has the institutionalization of purchase-of-services contracting continued or reversed?

My dissertation pointed out at the incoherence of local implementation, at the incompleteness of the institutionalization process, and at the significant impact that dependence on government contract funding has on NGOs. Yet, the validity of the findings presented in this dissertation would be enhanced by more quality data on various dimensions of the phenomenon at play. This would include systematic data on government contracting—which was not readily available for the purpose of my research—combined with up-to-date surveys of NGOs across China or, at least, in various provinces. Such data would allow us to obtain a clearer picture of both the

evolution of government contracting policies and of their implications for NGO sector development.

Furthermore, my dissertation alluded to the presence and implications of seemingly market-based mechanisms, efficiency and performance criteria and self-reliance neo-liberal tenets in the field of China's social welfare and government contracting services to NGOs. The institutionalization of contracting out to NGOs can be seen as a means to reconcile the use of market forces with the continuing leading role for the state. However, my dissertation did not explicitly focus on these aspects in China's political economy. Other scholars, however, have lately emphasized the relationships between Chinese authoritarianism and neoliberalism as well as the importance of the global circulation of ideas in shaping the content of Chinese policy reforms (Duckett 2019). For instance, in a recent article that looked at the relationships between neoliberalism, social policy expansion and authoritarian politics in contemporary China, Jane Duckett concluded that, "The People's Republic of China... shows how adaptive authoritarian regimes can be influenced by global ideas and policy trends, as well as how they may very effectively and substantially shift both their ideology and policies in order to maintain power" (Duckett 2020, 536-7). Pushing the importance of neoliberalism even further and drawing on theories of governmentality, Howell, Martinez, and Qu (2021) very recently extended these insights into the realms of Chinese NGO policies and government-NGO partnerships through contracting. Hence, future research on government welfare contracting in China could build on these recent works to examine how government purchase-of-service contracting to NGOs impact not only the evolution of China's residual and segmented welfare state (Leung and Xu 2015;

Ringen and Ngok 2013) but also, more fundamentally, the role these reforms and processes play in the persistence of China's unequal political economy.

Future research should consider the following two questions: What are the scope conditions under which the reliance on non-state welfare providers is a valid or the preferred strategy for authoritarian (or hybrid) regimes? And what explains the areas of convergence and divergence in terms of the causes and effects of government contracting out services to NGOs between China and other cases internationally? My thesis was motivated by the need to conduct careful analyses of the policies, mechanisms and practices by which authoritarian rule is being redesigned and consolidated, in China and elsewhere, for a more sophisticated, globally connected world. Yet, there remains an important knowledge gap about the sources of, and causal linkages between, welfare regimes and non-state welfare provision in non-democratic contexts. Future research should indeed compare China with other cases, not only to test whether causal processes and mechanisms uncovered travel beyond the China case, but also to help bring scholarly advances from the Chinese politics sub-field into the mainstream of comparative politics (L. L. Tsai 2017; K. S. Tsai 2013; Hurst 2017). For instance, Shawn Shieh recently argued that China could well represent the future—for better or for worse—of hybrid funding models for civil society organizations (S. Shieh 2020). Comparing China with other cases of authoritarian (and hybrid) regimes, and engaging beyond the China case with broader international trends, including the tightening of controls and regulations over civil societies globally (Toepler et al. 2020) would likely prove fruitful.

Potential cases for comparison include several Asian states. William Hurst, for example, suggests that several countries of Southeast Asia, more specifically Myanmar, Thailand, Cambodia, Laos, Vietnam, the Philippines, Indonesia, and Malaysia can be especially apt comparator cases (Hurst 2017). For instance, Vietnam and China share the same regime type—authoritarian single-party Leninist—and both have made the transition to a market-based economy and opened up to the world, while their respective ruling parties have maintained a strict monopoly on political power. As such, these two countries represent most-similar cases. A comparative multi-level study—looking at both national and local level dynamics—into the factors underlying the use, toleration or displacement of non-state providers, their relationship with and enmeshment in the Chinese and Vietnamese party-states, and the role they have played in the consolidation of authoritarian governance in both cases could prove fruitful for theory building. Beyond Southeast Asia, other interesting cases to extend this research agenda include Russia, Iran or even India under the Bharatiya Janata Party (BJP). A main rationale for case selection would be authoritarian or hybrid regimes ruled by a single party—or a dominant party learning towards authoritarianism (like the BJP). The case of the Islamic Republic of Iran, which is not a single-party regime but where the Islamic Revolutionary Guard Corps occupies a central position in political, economic and social life, could be relevant as well: how does non-state welfare provision impact regime resilience there? In sum, comparing China with Vietnam or other authoritarian states—combining both national-level and subnational analysis—would provide a valuable opportunity to spark conceptual and theoretical innovation and to bring the study of Chinese politics into closer dialogue with the rest of the comparative politics subfield. Moreover, further conceptualizing and analyzing of the formal and informal governing practices

and institutions underlying non-state provision and processes through which they impact authoritarian resilience and legitimacy, could contribute to theory development.

Beyond the realm of authoritarian and hybrid regimes, there is arguably a decent case to be made that, at least in the study of social policy and non-state welfare provision, comparative work between China and the United States could be valuable. Daniel Béland and his colleagues have argued that, notwithstanding regime type difference—the two countries have “most dissimilar” types of political regimes—the United States and China are comparable as pertains to the study of social policies and exhibit areas of convergence such as social policy fragmentation. They note that “the two countries have actually converged towards a devolved order in which the central government plays a key fiscal and policy role while subnational actors are major players as far as policy implementation is concerned” (Béland et al. 2018, 910). Likewise, non-state welfare provision is also a major phenomenon in the United States and its evolution and impacts in these two cases could be compared. For instance, looking at the reliance on non-state welfare providers by local governments in the United States, Allard’s conclusion that wide subnational variation in non-state provision leads to under provision in the most impoverished communities (Allard 2014, 247), might well apply to the case of China. Allard also notes that non-state welfare provision in the United States has “reinforced federal pressures to decentralize delivery of safety net assistance” (Allard 2014, 238). Future research could investigate the connections between the spread of non-state welfare provision through contracting out policies and its role in perpetuating an unequal political economy—characterized by limited and segmented welfare regimes—in both countries, including an analysis of at the co-existence of formal and informal institutions. After all, “all institutional eco-systems include both formal and informal

components, irrespective of regime type, level of development, or geographic region” (K. S. Tsai 2016, 283).

To conclude, this dissertation, despite its many limitations, has helped contribute to our understanding of the evolution of authoritarian governance, NGOs, and social policy in one of the world’s most important states: the People’s Republic of China. As noted by the eminent Theda Skocpol in a recent interview, it is important to “recognize that a good enough answer to an important question, important both substantively in the field and in the real world, has more value than a definite answer to a trivial question” (Skocpol and Schickler 2019, 15). These words of wisdom have guided the research I conducted for this dissertation and shall continue to do so in the future.

Appendices

Appendix 1. Reflection and Additional Information About Field Research

This appendix provides additional information regarding the fieldwork conducted as part of this dissertation. First, I describe the implications of China's authoritarian hardening and partial scientific closure on the study of Chinese politics and the conduct of field research. Second, I summarize recent scholarly discussion on the considerations, challenges and strategies concerning the conduct of field research in China and other authoritarian or repressive contexts. I highlight some of these challenges for fieldwork research and their consequences for theory making and testing, together with a number of strategies that can be used to mitigate these challenges and overcome barriers faced in the field. I also mention important ethical and transparency considerations. Third, I describe my experience as a Canadian (male, white) doctoral candidate conducting four months of fieldwork research in China (mostly in Shanghai but also in Beijing and Nanjing) from August to late December 2017. I provide details on the data collection process, including the selection of and the barriers faced when approaching potential informants, the mitigation strategies used to mitigate these challenges, the interview process, and other information about my field research.

Field Research in Challenging Environments and the Study of China

The study of China within the discipline of political science has evolved tremendously over the past decades, along with China's openness to the world and the increased availability and diversity of new sources of quantitative and qualitative data. This has allowed China scholars to

adopt sophisticated methods to test hypotheses, develop theories, and explore causal mechanisms across the different subfields of political science (Carlson, Gallagher, and Lieberthal 2010). Yet, China remains characterized by its persisting authoritarian, single party, political regime.¹⁵⁰

According to several experienced China scholars, the study of China remains hampered by the fact that

the Chinese government regards much information as politically sensitive and continues to obstruct the collection of systematic political data, broadly defined... As in many other places around the world, studying politics in China is still difficult, at times dangerous, for researchers and research subjects alike, and is wrapped up indelibly with the practice of politics. (Carlson, Gallagher, and Lieberthal 2010, 6–7)

In recent years, the political atmosphere in China has been widely characterized as a hardening of the authoritarian polity—even prior to the COVID-19 pandemic. This has severe consequences for the study of China and the conduct of field research. While scholarly access was not significantly undermined or discouraged officially, China under Xi Jinping (i.e., since 2012) has experienced a drift towards what Markowitz (2016) refers to as “partial scientific closure.” This signifies diminished opportunities for academic exchange and increased constraints on field research (both formal and informal), including access to archives and respondents, together with hostile attitude towards researchers (Markowitz 2016, 899).

Undeniably, the perception among international scholars, according to a recent survey of over 500 China scholars, is that “China’s research climate is becoming more constrained” under Xi Jinping (Greitens and Truex 2020, 359). The detentions of Michael Kovrig and Michael Spavor in December 2018 (see Kennedy 2021) have also not only contributed to the deterioration of

¹⁵⁰ In 2017, before my fieldwork, China was deemed “not free” and received a score of only 15/100 on political rights and civil liberties in the Freedom in the World 2017 report (Freedom House 2017).

Canada-China relations, but also led to a cooling down of academic exchanges, intensified by the COVID-19 pandemic (Ho et al. 2021).

One of the main difficulties for China scholars is the ambiguity related to what is sensitive or not as well as the fuzzy boundaries regarding what is acceptable or not and the potential consequences for crossing them: “researchers, unclear about how their research is perceived, must interpret and act on indirect signals, with potentially high stakes” (Greitens and Truex 2020, 364). For instance, official propaganda in recent years has cautioned Chinese society against the risk of foreign spies, who are presented in the media as being, for instance, foreign exchange students. Under Xi Jinping, China has stepped up propaganda efforts in state media and social media to warn citizens about the risks posed by foreign spies. In 2016, the Chinese government launched a campaign to raise awareness about the perceived risk national security posed by foreigners, such as foreign NGO workers and scholars. It released a range of promotional materials including a series of cartoons aimed at children, during the National Security Education Day on April 15, 2016 (Kam 2016). Not long after, as reported in the South China Morning Post, a website (12339.gov.cn) was created to help Chinese people report national security threats deemed as posing a risk to China’s socialist system (South China Morning Post 2018). The website provides a long list of possible (but rather vague) offences that can be reported, including collusion with foreign countries or foreign organizations and various actions linked with attempts to endanger state power and national security. Although it is unclear how these representations travel among Chinese citizens, they nonetheless might partly reflect the general context for field research. Indeed, several China scholars recently concurred during a panel discussion that increased surveillance of everybody and everything, including the

surveillance of foreign researchers, has become a “new normal” for doing research in China (Ho et al. 2021).

A survey conducted in 2018 of over 500 China scholars finds that international social science researchers conducting fieldwork in China often experience various forms of constraints, such as being denied entry to China, restrictions on access to research materials and informants, and surveillance and intimidation (Greitens and Truex 2020). The survey finds that “about 9 per cent of China scholars (51 respondents) reported that they had been interviewed by the authorities (being ‘invited to tea’) in the past decade” (Greitens and Truex 2020, 357). These constraints apply to research on civil society, NGOs, and philanthropy. According to Bies and Kennedy,

The constraints that are being placed on philanthropy also affect the physical work of scholars, as it is increasingly difficult to carry out the interviews needed for case studies and process tracing the development of regulations, not to mention the near impossibility to carry out large-scale, formal surveys on sensitive topics. This applies both to domestic Chinese scholars as well as international experts deeply interested in China. (Bies and Kennedy 2019, 631)

Doing research in authoritarian settings like that of contemporary China under Xi Jinping, even more for a PhD student with little fieldwork experience, thus entails a particular set of challenges. On the one hand, the doctoral student ought to aim for and achieve the highest standards of methodology in their particular field. On the other hand, the prevailing research methods in comparative politics “set unrealistic standards” for data collection in authoritarian and repressive contexts (Art 2016). Likewise, according to veteran scholars of Chinese politics, “Although as social scientists we strive for robust internal and external validity, we are routinely presented with situations that require compromise” (Carlson, Gallagher, and Lieberthal 2010, 7–8). As Art reminds us, while the political science discipline has developed increasingly

sophisticated techniques for making causal inferences, “the central challenge in the study of authoritarian regimes is simply collecting information that is nonfabricated and nontrivial” (Art 2016, 974). These challenges entail important consequences for theory making and testing. Reny (2016) explains that,

Because it is difficult to access transparent and substantive government information about state-society relations, scholars in some circumstances have had no other choice than to use imperfect data for empirical support or validity assessment. Imperfect data need not mean unreliable information. One might still be able to infer regime characteristics or dynamics based on imperfect information, insofar as the limitations in the data and the scope conditions of the analysis are specified. (Reny 2016, 914–15)

Given the unreliability of official data published in non-democratic contexts, fieldwork remains ever more important as it helps provide more confidence in the assessment and measurement of key variables (Art 2016, 977). Yet, one particular challenge is access to informants within the state or regime. Art points out that it is quite common for scholars of authoritarian politics to be unable to interview former or current regime insiders (Art 2016, 977). At the same time, Reny also notes that, “Direct interaction with state officials may... be counterproductive, especially in circumstances where the research topic that is being investigated is sensitive. Bureaucrats may be reluctant to speak openly about the subject, and instead repeat the state’s official rhetoric” (Reny 2016, 914n). Fortunately, regarding the difficulty of speaking with state actors, Reny notes that “comparativists can find creative ways of gathering information about state actors’ interests by using units of analysis other than the government or the Party.” This includes knowledgeable nonstate actors who can provide “sensitive information that state actors would have most likely not openly shared” (Reny 2016, 917).

Besides, scholars point to other ways to mitigate the difficulties posed by authoritarian and repressive contexts and generate useful and relevant information about socio-political phenomena through field research. One strategy refers to the framing of the research topic and interview questions. It is often suggested to frame the research in a way that is both acceptable to the authorities yet still honest and true to the research motivation, because this helps reduce the perceived sensitivity around it and limit respondents' self-censorship (Art 2016, 980). Local colleagues, prior field experience, language skills, and site-intensive approaches can help find ways to manage local sensitivities (Carlson, Gallagher, and Lieberthal 2010). Others emphasize the need to establish one's reputation as a serious researcher (and not a trouble maker) by being nerdy, talking about the literature and methods (Ho et al. 2021). Moreover, during the interview process it can also be productive to focus on relatively boring, tedious, and seemingly mundane questions that, by virtue of being less overtly political and less emotionally charged, are more likely to prevent the reiteration of predictable answers and instead provide informative details about the dynamics under investigation (Art 2016). Finally, an important strategy for both field research in political science in general and fieldwork in authoritarian and repressive contexts in particular is obviously to prepare as much as possible prior to entering the field (Kapiszewski, MacLean, and Read 2015). With respect to researching Chinese politics, language skills and familiarity with China's culture remain important prerequisite (Carlson, Gallagher, and Lieberthal 2010).

Fieldwork in authoritarian or repressive contexts requires flexibility and adaptability on the part of the researcher as well as the implementation of various field strategies. Indeed,

Scholars of authoritarian regimes need to think more like detectives than philosophers of social science, and it is entirely appropriate that discussions of methods in this area are

more about the pros and cons of various “work-arounds, extrapolation[s], ruses, and dissimulations” and less about the logic of case selection and fuzzy-set measurement techniques. (Art 2016, 975)

Ethics and Transparency

Researchers working in authoritarian and repressive settings also face distinct issues regarding research transparency and ethics.¹⁵¹ As noted by Bellin et al.,

The most distinctive challenges posed by authoritarian and repressive contexts for political researchers follow from the fact that in this context political opinions are not freely exchanged nor is information easily accessible and that local interlocutors face considerable danger in sharing information with researchers. (Bellin et al. 2018, 4).

As discussed in more details in the section below, none of my interviewees can be characterized as politically vulnerable individuals. Following the precautionary principle, I also purposively did not meet with any advocacy-oriented NGO leader, investigative journalist, dissident, member of targeted groups (e.g., religious or ethnic minorities), or controversial liberal academic.

In authoritarian and repressive contexts researchers must adopt a number of best practices regarding research ethics and transparency:

To generate data, achieve real understanding, and stay true to research ethics in this data-poor and often dangerous environment, researchers must place a premium on measures that: safeguard human subjects, build networks of trust, protect confidentiality, clarify contextual meaning, and specify their own positionality. (Bellin et al. 2018, 1)

Veteran China scholars often emphasize the need to reassure people in China about not being a journalist, because this is seen has likely to cause trouble and thus is problematic from an ethical standpoint (Ho et al. 2021). Therefore, I always made it clear that I was not a journalist, that the

¹⁵¹ Research transparency is understood here as “openness about the researchers’ methods, position, context, and commitments” (Bellin et al. 2018, 4).

purposes of my research were solely academic and that I was operating under a strict research ethics protocol. I also exercised caution during fieldwork, was always respectful, and avoided taking strong normative stances on issues. Being sensitive to context and discreet with any claims seemed most appropriate, since it was important not to cause any trouble to my respondents. While I was honest and forthright about my research and its broad scholarly objectives, I also framed it in a way (in terms of the language used in written communications and questions asked) that echoed Chinese academic discourse on related themes to make it acceptable to the authorities. I also took many technological steps to secure digital security. For the purpose of maintaining confidentiality during and after field work, I always connected to the Internet via a Virtual Private Network (VPN), which I had installed prior to departure on my laptop and my phone. Data from interviews was password protected and encrypted on my laptop.

Fieldwork and Data Collection

The fieldwork for this dissertation was conducted between late August and late December 2017. I was based most of the time in Shanghai but also spent a few weeks in Beijing and Nanjing. The preparation of my field trip began almost a year prior departure. To begin with, I sought an affiliation with a Chinese host institution. As pointed out by Reny, “scholars need formal permission to do research in China. They must be affiliated with a local university and have their basic research proposal approved by that institution” (Reny 2016, 916). I was granted a research fellowship by the Canada-China Scholars’ Exchange Program, which is the main official program of bilateral research cooperation, and hosted as a visiting PhD scholar during the fall of 2017 at a prestigious university in Shanghai—Fudan University’s School of Social Development and Public Policy. My host institution provided me with an official, stamped, letter of affiliation

which I could show to my potential informants or attach to my email or social media communications. The affiliation provided reassurances to potential respondents about my identity as a “legitimate” foreign researcher. It also allowed me to gain access to Fudan University’s library and to interact with the local academic community. I was already familiar with China prior to fieldwork, having previously lived in the country for about two and half years, including two years learning Chinese at Nanjing University (in 2006-2007 and then 2009-2010), a short stint as a language teacher in Qingdao in 2006, and several months backpacking across the country over the years. I also travelled to China for professional reasons a few times before beginning my PhD, during which I interacted with both state and nonstate actors including party affiliated researchers and civil society activists.

The data collection component of this dissertation during my field research focused heavily on interviews with key informants—individuals who possess a great deal of context-specific expert knowledge and experience. I identified academic experts through a review of relevant scholarly publications in English and Chinese, looking at media announcements and attending scholarly events. A number of subject-matter experts were also referred to me directly by their colleagues. With respect to non-state actors such as leaders of, and senior managers at, NGOs, incubators and other non-profit support organizations, I located informants by searching through, websites, news reports, and online directories of organizations. For instance, I consulted the online NGO Directory operated by the China Development Brief. I also found the names and basic contact information of registered NGOs in Shanghai by searching through the Shanghai Municipal Civil Affairs Bureau website, as well as online listings of recommended local NGOs for the government purchase of services. Finally, I consulted government websites and announcements

to locate contact information (email addresses, phone numbers, and official WeChat accounts) of state actors, especially informants from municipal civil affairs bureaus. I also relied on snowball sampling and informant referrals to identify potential interviewees. This was done in two main ways. First, I would ask individuals who had already been interviewed to share my contact information and information letter to potential informants, that is, individuals who they know might be interested in my study. In turn, those individuals could choose whether or not to contact me (the information letter contained my contact details). Second, past interviewees could directly refer me to other potential informants. I would then contact the potential participant and ask them if they wanted to meet with me. Either way, my invitation was based on a standard script, which provided information about myself and the research. I typically first contacted potential interviewees by email, short message service (SMS), or through WeChat, an extremely popular and versatile Chinese social media platform.

I made sure to be transparent about my identity and the nature and purpose of my research—which I always formulated in the field in a neutral, apolitical way. For instance, I explained that my interest was in studying the development of new social policies and partnerships involving the role of NGOs in government service purchasing to improve the provision of public goods and social services as well as social governance. I also presented my research and framed my questions using the typical language found in public discourse and recent official publications. This framing was “both technically true and a charitable interpretation” (Art 2016, 981) of the stated objective of the Chinese authorities. I provided potential respondents with my official letters of affiliation with Fudan University, a letter of good standing from my home academic institution in Canada, a basic sample of my questionnaire, and a letter describing my project and

ethics approval. On some occasions, informants requested to see a photocopy of my passport. I complied with their request. I also quickly realized that those participants who initially came across as most cautious by email or on the phone, might turn out to be great interviews. Indeed, their level of care and caution sometimes seemed to reflect the seriousness with which they took the interview process. For instance, one NGO leader who requested additional information about me and my project and seemed particularly cautious after I had first initiated contact, explained to me that they simply wanted to have reassurances about my legitimacy and identity. They then sat with me for a half hour, and then decided to take the entire morning off to discuss with me at length, because they found the project and the discussion interesting. This led to one of my most information-rich interviews. Thus, my general strategy was to be transparent regarding who I was and what I was doing in the field. I followed the premise that being open would actually prevent attracting undue attention. Moreover, by providing a basic version of my questionnaire (either digitally or in paper) to interviewees as well as information about my affiliation with my host institution, respondents were then able to protect themselves: the questionnaire was a sort of “alibi” mentioning the items we had discussed (even though discussions almost always went much beyond those initial questions) in the event that some authorities inquired about our meeting.

Many of my approaches towards state actors were unsuccessful. Aware of the potential barriers, I used the following multi-pronged strategy to get in touch with potential informants from the public administration, such as street-level bureaucrats and representatives from local government agencies. I was hoping to meet with mid-level bureaucrats. First, I sent tailored letters of information in Chinese to select individuals, whose name and contact information I had found on

government websites, media pieces, and documents such as conference brochures. Second, I called the office of specific individuals, to present myself and the purpose of my request. Third, I delivered an invitation letter in person at specific offices. Fourth, I asked my host institution to help arrange interviews with relevant local representatives from the Shanghai Municipal Bureau of Civil Affairs. Although I had low expectations that contacting people directly by emails or phone without having a personal introduction would be highly successful, the very low rate of success of my attempts at soliciting meetings with representatives of the local state was still disappointing. Overall, I was only able to discuss formally with two representatives of the local government.

Fortunately, I had more success with representatives from NGOs and incubators and scholars. In fact, the large majority of my informants were non-state actors who had extensive interactions with, and knowledge of, local state actors. First, I interviewed 21 NGO leaders and senior managers. These individuals typically were very well-connected and very much aware of the political and policy context. They were thus knowledgeable about past and current policy priorities, government-NGO partnerships, the public welfare ecosystem, and other relevant topics. Some had worked previously for a Civil Affairs bureau. For example, one senior manager at a major non-profit incubator had previously worked in the Ministry of Civil Affairs, and still maintained close contact with the Ministry, not only through his professional work but also because of his personal connections with former colleagues. None of the NGOs characterized themselves as government-organized (GONGOs). Almost all received government contracts and/or had established some form of partnerships with the local government. Second, I also interviewed nine academics (subject matter experts), several of which frequently participated in

consultations with the local government and were mentioned in news reports. All of them had published research on issues such as social governance, NGOs, government purchase of services, and/or community construction.

Interviews lasted on average 60 minutes, ranging from less than 30 minutes to 135 minutes. Almost all interviews were conducted in Chinese (27), and some in English (4) or in combination of both languages (1). Oral consent was obtained prior to each interview. 22 interviews were recorded, using a voice recorder (not a phone). When the interview was taped, the conversation sometimes continued for quite some time after the recorder was turned off. Depending on how the interview had gone and how comfortable the respondent seemed to be, I might ask more sensitive questions when the recorder was turned off. In fact, on several occasions informants themselves volunteered to offer additional details. For instance, the most interesting information I gathered on NGO party building, for instance, was provided by informants towards the end of the interview. On a few occasions, the interviewee took the initiative to invite me for a walk, and/or a lunch, during which the interview continued, albeit in a more informal fashion. The location of the meeting was always chosen by the respondent. I either met with respondents at their office or at a coffee shop.

I did encounter a number of restrictions and challenges on access to research informants. While getting access to informants can be difficult in any field settings—and meeting with government officials is probably challenging in any context—these difficulties manifest themselves ever more harshly in authoritarian contexts such as that of contemporary China. One major challenge is internal rules of conduct that forbid government employees from speaking with foreign

researchers alone. On a few occasions, potential respondents responded positively to my interview request, expressed their interest in the research topic, but then later on backed out. One of my informants from the Municipal Civil Affairs Bureau and I had been in touch and were supposed to meet. This meeting had been planned a couple of weeks earlier. I could not discern fully the reason why the interview was cancelled: whether it was because they had been discouraged, made apprehensive, or warned by somebody or for another reason, I could not know. However, because I did not want to put this person in danger, I did not insist.

One of the tactics I used to improve access to interviewees was to look for “opportunities for informality and spontaneity” (Art 2016, 981). I found that attending public events and venues allowed me to make informal contact with a wide range of people, ranging from NGO representatives to government officials. The former proved more accessible during these events. In fact, the only opportunity I had to conduct formal interviews with bureaucrats was after meeting with them during a public event. Some of them, after meeting with me in person a first time, agreed on or even proposed to meet for a full-length interview. I also visited public venues, such as the Shanghai Social Innovation Park, and events (as mentioned in chapter 6), where it was relatively easy to meet NGO staff for short casual discussions, some of which led to a formal interview later on. I was also invited to attend scholarly conferences and events, during which I had the opportunity to interact with local colleagues, some of which I later formally contacted to solicit an interview. When I conducted interviews at an NGO, I would always accept the invitation (if clearly formulated) to hang around with staff and/or service beneficiaries. For instance, I played ping pongs with youth and elderly people and drank tea with NGO staff on a few occasions. These meetings were definitely not interviews, but rather occasions to build some

trust and show goodwill. These informal, casual, moments would sometimes lead to new information and clarifications on the topics at hand, or simply allow to observe and better understand certain local dynamics. In addition to formal interviews, I thus also conducted numerous informal talks, which, although they are not used directly in this dissertation, may have informed my thinking on the issues at hand, incited me to probe certain questions further, and guided me to specific sources of information or people. During my visits to NGOs, I would sometimes spend a couple of hours meeting with staff, visiting the physical location of the organization and learning about their programs and activities, before then having an interview proper with the leader, founder or a senior manager. I would also sometimes meet with service beneficiaries (e.g., elderly people, community residents), with whom I would sometimes have a very casual discussion. Other times, I only met with the leader or a senior manager for the interview.

As I gained experience and connections in the field, the process of accessing data became less overwhelming. Being able to speak Mandarin helped gain access to potential informants and establish rapport with them during the interview process. After a few meetings, I quickly became comfortable with handling the interview process in Chinese, especially once I had memorized all my questions and sub-questions, and thus could conduct semi-structured (and often conversational) interviews almost without referring to my questionnaire. I also framed my questions so as to use key terms in Chinese that made sense in the local context. I translated the master version of my questionnaire—the version that contained the full range of possible questions and probes—into Chinese prior to fieldwork. I asked two different Chinese graduate students to proofread the translation to make sure key concepts and questions sounded right. I

also relied upon the Bilingual Dictionary of Development and Philanthropy published by the China Development Brief to clarify some of the terms and ensure appropriate translations.

Finally, the data collection phase of this project was longer than the fieldwork. Many data were collected prior to and following my stay in the field. This includes English and Chinese-language academic articles, digital news articles, official government reports, policy documents and regulations, and other information available on institutional websites. Digital sources have become widespread and readily available. They thus represent an important and useful means of collecting data—even if one should keep in mind the political reasons underlying that what is available and what is not and, as always, triangulate the information using different sources (Kapiszewski, MacLean, and Read 2015). Nonetheless, many government policies, laws and regulations, government work reports, etc. are available by searching on the main national government website (<https://www.gov.cn>). Some digital institutional websites, such as the Ministry of Civil Affairs and its local Shanghai Municipal Civil Affairs Bureau, contain plentiful valuable information. The website of China Law Translate (<https://www.chinalawtranslate.com>) provides the text in both English and Chinese of many key policies and laws. In sum, I continued the process of data collection long after fieldwork, by taking advantage of the availability of digital sources of information.

Appendix 2. Ethics Approval

File Number: 04-17-10

Date (mm/dd/yyyy): 06/13/2017



Université d'Ottawa
Bureau d'éthique et d'intégrité de la recherche

University of Ottawa
Office of Research Ethics and Integrity

Ethics Approval Notice

Social Sciences and Humanities REB

Principal Investigator / Supervisor / Co-investigator(s) / Student(s)

<u>First Name</u>	<u>Last Name</u>	<u>Affiliation</u>	<u>Role</u>
André	Laliberté	Social Sciences / Political Science	Supervisor
Philippe	Martin	Social Sciences / Political Science	Student Researcher

File Number: 04-17-10

Type of Project: PhD Thesis

Title: Building a Welfare Mix under Authoritarianism: The Turn to Nonprofit Organizations for Social Welfare Provisions in China

Approval Date (mm/dd/yyyy)	Expiry Date (mm/dd/yyyy)	Approval Type
06/13/2017	06/12/2018	Approval

Special Conditions / Comments:
N/A



Université d'Ottawa
Bureau d'éthique et d'intégrité de la recherche

University of Ottawa
Office of Research Ethics and Integrity

This is to confirm that the University of Ottawa Research Ethics Board identified above, which operates in accordance with the Tri-Council Policy Statement (2010) and other applicable laws and regulations in Ontario, has examined and approved the ethics application for the above named research project. Ethics approval is valid for the period indicated above and subject to the conditions listed in the section entitled "Special Conditions / Comments".

During the course of the project, the protocol may not be modified without prior written approval from the REB except when necessary to remove participants from immediate endangerment or when the modification(s) pertain to only administrative or logistical components of the project (e.g., change of telephone number). Investigators must also promptly alert the REB of any changes which increase the risk to participant(s), any changes which considerably affect the conduct of the project, all unanticipated and harmful events that occur, and new information that may negatively affect the conduct of the project and safety of the participant(s). Modifications to the project, including consent and recruitment documentation, should be submitted to the Ethics Office for approval using the "Modification to research project" form available at: <https://research.uottawa.ca/ethics/forms>.

Please submit an annual report to the Ethics Office four weeks before the above-referenced expiry date to request a renewal of this ethics approval. To close the file, a final report must be submitted. These documents can be found at: <https://research.uottawa.ca/ethics/forms>.

If you have any questions, please do not hesitate to contact the Ethics Office at extension 5387 or by e-mail at: ethics@uOttawa.ca.

Signature:

Germain Zongo
Protocol Officer for Ethics in Research
For Barbara Graves, Chair of the Social Sciences and Humanities REB

Appendix 3. List of Selected Interviews

Interview number	Informant Type	Date	Location
SH-04	Civil Affairs Bureau Representative	2017-10	Shanghai
SH-05	Professor	2017-10	Shanghai
SH-06	NSO senior manager	2017-10	Shanghai
SH-10	NGO leader	2017-11	Shanghai
SH-11	NGO leader	2017-11	Shanghai
SH-12	NGO leader	2017-11	Shanghai
SH-13	Researcher	2017-11	Shanghai
SH-14	NGO leader	2017-11	Shanghai
SH-15	NGO senior manager	2017-11	Shanghai
SH-17	Professor	2017-11	Shanghai
SH-18	Professor	2017-12	Shanghai
SH-19	NGO leader	2017-12	Shanghai
NJ-01	NGO senior manager	2017-11	Nanjing
NJ-02	Professor	2017-11	Nanjing
NJ-05	NGO senior manager	2017-11	Nanjing
BJ-02	Researcher	2017-09	Beijing
BJ-05	Professor	2017-12	Beijing
BJ-06	Professor	2017-12	Beijing
BJ-07	NSO senior manager	2017-12	Beijing
BJ-08	NSO senior manager	2017-12	Beijing

Appendix 4. Glossary of Terms in Hanyu Pinyin

<i>Caogen zuzhi</i>	Grassroot organization
<i>Cishan fa</i>	Charity Law of the PRC
<i>Cishan huodong</i>	Charitable activity
<i>Cishang zuzhi</i>	Charity organization
<i>Danwei</i>	Work unit
<i>Dibao</i>	Minimum living standard guarantee (safety net)
<i>Dang jianshe</i>	Party building
<i>Dangzhibu</i>	Party branch
<i>Dangjian fuwu zhongxin</i>	Party building service center
<i>Di san bumen</i>	Third sector
<i>Falü</i>	Law
<i>Fei yingli zuzhi</i>	Nonprofit organization
<i>Fuwuxing zhengfu (jianshe)</i>	Service-oriented government (construction)
<i>Gaige kaifang</i>	Reform and opening up
<i>Gongyi</i>	Public interest or public welfare
<i>Gongyi shengtai</i>	Public welfare ecosystem
<i>Goujiang shehui zhuyi hexie shehui</i>	Building a socialist harmonious society
<i>Goumai gangwei</i>	Purchasing positions/posts
<i>Goumai xiangmu</i>	Purchasing projects
<i>Goumai zhi</i>	Project-based (purchasing) system
<i>Guiding</i>	Provisional regulation

<i>Hexie shehui</i>	Harmonious Society
<i>Hukou</i>	Household registration system
<i>Jianshe fuwuxing zhengfu</i>	Building a service-oriented government
<i>Jiedao</i>	Street (urban subdistrict)
<i>Jiedao banshichu (jiedao ban)</i>	Street-level/subdistrict administrative agency
<i>Jijinhui</i>	(Philanthropic) Foundation
<i>Jingwai fa</i>	Foreign NGO Law of the PRC
<i>Jueding</i>	Decision
<i>Lianhe dangzhibu</i>	Joint party branch
<i>Lingdao xiaozu</i>	Leading group (of the Chinese Communist Party)
<i>Minban feiqiye danwei</i>	Citizen-initiated non-enterprise unit
<i>Minjian zuzhi guanliju</i>	Bureau for the Management of NGOs
<i>Pinggu</i>	To evaluate/evaluation
<i>Qiangxin shehui guanli</i>	Innovating social management
<i>Qiangxin shehui zhili</i>	Innovating social governance
<i>Quan fugai</i>	To comprehensively cover (e.g., a territory)
<i>Quanguo renmin daibiao dahui</i>	National People's Congress
<i>Renmin gongheguo</i>	People's Republic of China
<i>Shehui guanli</i>	Social management
<i>Shehui baoxian</i>	Social insurance
<i>Shehui chuangxin</i>	Social innovation
<i>Shehui dengji guanli tiaoli</i>	Regulations on the Registration and Management of Social Organizations
<i>Shehui fuli</i>	Social welfare

<i>Shehui fuli shehuihua</i>	Socialization of social welfare
<i>Shehui jiuji</i>	Social relief
<i>Shehui fuwu</i>	Social services
<i>Shehui fuwu jigou</i>	Social service (welfare-oriented) organization
<i>Shehui gonzuo</i>	Social work
<i>Shehui gonzuo weiyuanhui</i>	Social work committee
<i>Shehui tuanti</i>	Social group or association
<i>Shehui zhili</i>	Social governance
<i>Shehui zuzhi</i>	Social organization
<i>Shehui zuzhi dangjian</i>	Party building in social organizations
<i>Shehui zuzhi fuhua jidi</i>	Social organizations incubator
<i>Shehui zuzhi lianhehui</i>	Federation of Social Organizations
<i>Shequ</i>	Community (urban residential area)
<i>Shequ jianshe</i>	Community building/construction
<i>Shequ fuwu zhongxin</i>	Community service center
<i>Shequ jumin weiyuanhui (juweihui)</i>	Community neighborhood committee
<i>Shequ zuzhi</i>	Community organization
<i>Shiye danwei</i>	Public institution
<i>Shuniuxing shehui zuzhi</i>	Hub-style social organization
<i>Shuangxiang renzhi</i>	Interlocking personnel arrangement
<i>Suzhi</i>	Human quality
<i>Tiaoli</i>	Regulatory disposition
<i>Tongzhi</i>	Notification

<i>Weihu wending (weiwen)</i>	Stability maintenance
<i>Wenchuan teda dizhen</i>	Great Wenchuan Earthquake (in 2008)
<i>Xiangmu zhi</i>	Project-based (purchasing) system
<i>Xiao zhengfu da shehui</i>	Small government, big society
<i>Xinfang</i>	Letters and visits (petitioning)
<i>You zhongguo tese de shehui zhuyi</i>	Socialism with Chinese Characteristics
<i>Zhengfeng yundong</i>	Rectification movement/campaign
<i>Zhengfu goumai fuwu moshi</i>	Government purchase-of-service contracting model (the contracting out of service provision by the government)
<i>Zhidao yijian</i>	Guiding opinion
<i>Zhengfu goumai shehui zuzhi fuwu</i>	Government purchase-of-service contracting to NGOs (the contracting out of service provision to NGOs by the government)
<i>Zhengfu zhineng zhuan yi</i>	Transfer of government functions
<i>Zhongguo gongchandang</i>	Chinese Communist Party
<i>Zhongguo tongji chubanshe</i>	China Statistical Yearbook
<i>Zuo cishan</i>	Doing charity work

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