Transforming Administration and Governance by Creating Associations:
An Evaluation of China's Experience

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As China's economic reforms got underway in the early 1980s, the idea emerged that trade associations could play a useful and important role in the more market-oriented economic system that was to be constructed. In conjunction with efforts to separate enterprises from government and transform the nature of administrative management of the economy, the central state began a project to promote the creation and development of an associational sphere. In essence, this was and remains a bureaucratic project, one carried out within the depths of the bureaucracy. Roughly two decades later, thousands of business and professional associations exist across China at nearly all administrative levels (Zhongguo falu nianjian bianjibu, 1999; Fan, 1995). This in itself is no small achievement. Yet persistent complaints about the weakness of these associations, both from within and outside the government, suggest that certain limitations to associational development are inherent in the way in which the state project has been formulated and implemented. Careful consideration of these limitations is essential if the development of associations as vital intermediaries between economic actors and government is to proceed in pace with the accelerating transformation of the economy.

In this article, I present some preliminary findings from my ongoing research project on the emergence of associations in reform-era China. I suggest that using bureaucratic organizations and methods to develop business and professional associations, while initially facilitating the emergence of associations, has constrained the extent to which these associations can play the useful roles envisioned by reformers. While using bureaucratic organizations to spearhead the development of an associational sphere made sense early on, the time may have come to formulate a new strategy to enable associations to become key institutions that complement the work of the state's administrative apparatus.

In the following pages, I discuss the role played by bureaucratic agencies in the development of business and professional associations and examine the nature of the associations these agencies have created. I argue

Abstract: Over the past two decades the Chinese central state has promoted the creation and development of business and professional associations. The promotion of associations was conceived and has been carried out as a bureaucratic project. The individual agencies of the state bureaucracy have played a central role in the creation of associations within their spheres of jurisdiction. Although many associations have been created, the fact that associations exist and are treated as appendages of individual state agencies has hindered the development of these associations. In addition, confusion exists as to the precise role of associations in regulating economic activity. This article argues that if associations are to play a more positive and dynamic role in the economy than they have to date, decisive action on the part of the central state is needed to break the stifling dominance of bureaucratic agencies over associations and to clarify the role of associations vis-à-vis regulation. Detailed case studies of two associations are presented to illustrate and support the argument.
that most of these associations have existed as bureaucratic appendages rather than as true market intermediaries, and that this status limits their effectiveness as organizations. The challenge, then, is to enable business and professional associations to gain a status and role that transcends that of mere bureaucratic appendage. Engineering such a shift, however, requires decisive action by the central state to break the grip that government agencies have over associations. It also requires a clarification of the precise nature and role of each individual association. To illustrate these points, I examine two cases in which action by the central state has helped an association to begin to break through the constraints to associational development posed by its embeddedness within an individual bureaucratic agency.2

**Associational Development as a State Project**

At the end of the 1970s, Deng Xiaoping and the Chinese Communist Party re-oriented China away from the pursuit of “cultural revolution” to the pursuit of economic development through the construction of a “socialist commodity economy.” Early on, reformers realized that this shift required more than simply introducing new economic mechanisms such as markets and “responsibility contracts.” It would entail a far-reaching transformation of the institutions by which the economy and society are governed. More specifically, the existing administrative bureaucracy, created to manage a Stalinist command economy, would have to be re-organized along lines more appropriate for the facilitation and regulation of market-driven economic activities.

A major part of this shift was conceived as changing from bumen guanli (administrative management) to hangye guanli (trade management) (Ma, 1983, pp. 117-142; Rong, 1996; Zhang, 1991; Zhengguo gongye jingji xichui, 1994). *Bumen guanli* refers to a system in which the administrative and economic spheres are fused into distinct vertical hierarchies divided along administrative lines rather than strict sectoral lines. Although each ministry may focus on one economic sector (textiles, oil, etc.), the economic activities owned and managed by it overstep such sectoral boundaries. Factories and enterprises are integrated into the administrative bureaucracy and managed by administrative command. By contrast, *hangye guanli* implies a system in which firms are, for the most part, separate from administrative organizations and subject to regulation but not to direct administrative command. Instead of being partitioned into different administrative hierarchies, firms interact in the marketplace with other firms both within and outside of their particular sector. So, for example, instead of each ministry owning and managing its own construction firm(s), construction firms exist independently of any one ministry and are subject to the various state regulations relevant to their economic activities. In addition, associations play a large role in facilitating coordination, self-regulation, and development within specific sectors. Overall, then, this shift to *hangye guanli* was seen as requiring the separation of enterprises from government, the restructuring of the state bureaucracy, and the creation of sectoral associations.3

Thus, due to the useful functions that associations theoretically could perform, the creation and development of business and professional associations came to be seen as an integral part of the overall reform project. Associations could assist in the regulation of economic sectors, either by virtue of being given regulatory power by the state or by bringing firms together to agree to various forms of self-regulation. In addition, associations could play a crucial role in promoting the development of their sector by providing services to firms (training, information, etc.) and in general working to improve the competitiveness and performance of their members. Finally, associations could provide a conduit for cooperation and the exchange of information between state agencies and firms in a given sector. Since the functions that associations were supposed to have were generally already performed by existing state agencies, the emergence of associations would necessitate a transfer of functions from state agencies to associations.

In the 1980s, the State Commission on the Reform of the Economic System and other top-level institutions initiated a push to facilitate the creation of trade associations. The creation of this associational sphere was conceived and carried out as a state project to be implemented through administrative means.4 The mes-
The introduction of associations onto the scene raises questions about precisely how these associations fit into the existing constellation of institutions and organizations. If they were conceived to be a new part of the broad system through which the economy and society are governed, exactly how were they integrated into this system? According to the model advanced by reformers in the central state, associations are to occupy some sort of intermediary position between the state and society (firms and professionals in a sector) and to be essentially “societal” in nature (minjian de, or popular). In fact, structurally, most trade and professional associations have existed instead as de facto appendages of individual government agencies. That is, they are not intermediary organizations — they are parts of the bureaucracy, managed through bureaucratic

**Associations Emerge as Appendages of the Bureaucracy**

The status of associations as structural appendages of individual bureaucratic agencies is a consequence both of giving agencies responsibility for developing associations and of government regulations concerning associations more generally. Throughout most of the 1980s, the dominance of the state in most economic and societal sectors (a legacy of the Maoist era) left little room for the organization of associations outside of the state. The emergence from within the central state of the idea that the state should spearhead the development of business and professional associations thus served to reinforce the already existing tendency for state organizations to be centrally involved in the creation of associations. It also gave legitimacy to efforts by state officials and organizations to develop associations within their spheres of jurisdiction. The regulations on social organizations (shetuan) in general, issued in 1989 and 1998, formally mandated a link between state agencies and the development of associations by requiring that, in order to register with the state and thus gain a legal status, every association must have the formal support of a government or party organization, called a yewu zhiyuan danwei (professional management unit)(Guowuyuan fazhiban zhengfas, 1999; Wu and Chen, 1996; Xin and Zhang, 1999).

These regulations have created a strong hierarchical link between agencies and the associations they sponsor. Since the association depends on the agency for its very existence, the agency naturally can exercise significant authority over association affairs. In essence, this creates a structural condition that makes associations de facto appendages of their sponsoring organization. In practice, most associations have clearly functioned as agency appendages. For most of their history, many associations have had their offices within those of their sponsoring agency, and they have often received financial allotments from the agency (usually in the early years of their existence). Not surprisingly, agencies have exercised strong and active control over personnel matters within their associations (for example, see Zhongguo jianzhuye nianjian bianweihu, 1995, p. 438; Zhongguo jianzhuye nianjian bianweihu, 1999, p. 371). Serving cadres, retired cadres, and per-
sonnel from other agency-affiliated organizations, such as shiye danwei (service units) or agency-managed enterprises, have usually occupied key leadership and staff positions within these associations. Finally, agencies have played a central role in determining the scope and nature of association activities. Associations can do little unless they receive official sanction from their sponsoring agency. Overall, just as they have with the enterprises and shiye danwei that are under their authority, agencies have managed and utilized their associations in ways that aid in the achievement of both agency goals and the personal goals of agency officials. This has made associations appear more as part of the bureaucracy than as part of a sphere of truly intermediary organizations.

The Limits of the Bureaucratic Project

The heavy involvement of agencies in the creation and operation of associations has provided the resources and legitimacy needed for associations to survive. Indeed, it is hard to imagine how most business and professional associations could have been created successfully during the 1980s and early 1990s without the substantial involvement of state agencies. The central state played a crucial role in fostering the emergence of an associational sphere at a very early stage of the economic and administrative reform process. By consistently stressing the positive roles that associations can play, and by spreading an ideal-typical picture of associations as societal organizations that can mediate between government and society, the central state has given legitimacy to associations and pointed to a particular path along which they ought to develop. Individual state agencies, for their part, have provided material resources for many associations and made efforts to use associations as new mechanisms through which they can interact with firms and professionals.

However, the dominance of individual state agencies over particular associations has also limited the extent to which associations can play a truly distinct role in the emerging economic system. Instead of being dynamic organizational actors at the center of a new governance regime, business and professional associations have, for the most part, simply become assimilated into the practices of the existing regime. Although documentary evidence is hard to find, it seems highly likely that the idea that associations should take over functions from the state is anathema to the bureaucratic agencies of the state. At the very least, this would be consistent with influential models of the behavior of government agencies in China and elsewhere (Lieberthal and Oksenberg, 1988, pp. 160-67; Thompson, 1967; Wilson, 1989, pp. 179-95). To government agencies, the emergence of associations represents a challenge to their authority and command over resources. The acquisition by an association of functions formerly carried out by a state agency implies a reduction in the power of the agency. Thus agencies are likely to limit the development of associations to the point where the association can help the agency carry out its tasks but not usurp agency power. Indeed, one of the major factors limiting associational development in the context of agency domination is the high degree of overlap that often exists between the activities of the sponsoring agency and the activities in which associations are supposed to engage. As agencies are loath to stop doing these activities, associations are reduced to playing the residual role of helping the agency as it pursues its goals.

Even worse, sometimes agency officials will endeavor to use associations to achieve aims that are improper, or that at least are not in harmony with central state intentions regarding associations. Given the great power that agency directors have over the associations sponsored by their agency, it is not surprising that associations are at times manipulated to serve the parochial and often personal goals of these directors. For example, some agencies have used their associations to collect improper fees from members or to collect “donations” that involve the expectation that the donor will receive favorable treatment from the agency. Other associations have been paralyzed due to conflicts within their sponsoring agency over who will lead the association.

These examples and many others suggest that most associations have become a part of the old system rather than the core of a new system. This is also seen in the way that associations resemble state organizations in terms of culture and ways of doing things. Staffed mainly by serving and former government offi-
cials and embedded in a hierarchical relationship with a government agency, most associations adopt the forms and practices of government bureaucracy. Chinese observers have long lamented the high degree of “xingzhenghua” (governmentalization) that is seen in associations (for example, see Zhongguo shetuan yanjiuhui, 1992, pp. 43-62). The replication of the culture and practices of a government agency in its affiliated associations has negative implications for the success of the state project to develop an associational sphere as part of a new governance regime. Instead of becoming dynamic centers of new ways of doing things, such associations become extensions of the old governance regime and potentially even a hindrance to further reform. For as the sociologist Arthur Stinchcombe argued in his seminal article, organizations tend to be influenced in their structure and culture by the environment at the time of founding, and once these characteristics are set, they tend to persist over time (Stinchcombe, 1965).

Indeed, it appears that when the project to develop business and professional associations first began, part of the thinking behind it was that associations would help to promote change in the system by bringing people together in new combinations and by stimulating new sorts of activities. In other words, by introducing associations into the mix of governance institutions, reformers might have hoped that these organizations could become a source of innovation that would help drive the transformation of the economy and administration. What has happened instead is that the existing system has absorbed and co-opted associations, and in the process stifled innovation.

Whereas discussions in China of associations have often portrayed the “guanban” (statist) nature of many associations as a temporary situation that will eventually give way to the more society-centered associations seen in other market economies, it appears that relatively little progress has been made in effecting this transition. For example, efforts by the central state to prevent government officials from assuming leadership positions in associations have, by all accounts, met with disappointing results. After a circular issued in 1994 by the State Council aimed at stopping the pervasive practice of cadres dominating the leadership positions of associations failed to have much effect, the

State Council repeated its order in a 1998 circular. Yet it still appears that this has had little real effect in terms of reducing the stifling dominance of agencies, partly owing to a lack of implementation and partly due to the fact that such an order does nothing to remove the structural source of the power wielded by agencies over associations (namely, state regulations concerning social organizations). This power of agencies over associations, along with a lack of specificity regarding what exactly associations are to do, have thus far prevented, for the most part, the development of associations into organizations that make significant contributions to the creation of a stable and productive economic system.

Creating a Dynamic and Productive Associational Sphere

Although the development of business and professional associations has proceeded slowly throughout most of the reform era, some associations have recently begun to break through old modes of behavior. These cases (two of which are examined below) suggest that two things must happen before an association can develop into something more than just an appendage of a state agency. First, the link between the association and its sponsoring agency must be weakened to an extent that association leaders and staff are free to, and feel driven to, pursue the organizational development of the association as their paramount goal. Second, the central state must make clear which associations will be given the authority to act primarily as regulatory bodies. These two issues are interrelated, but for the purpose of analysis I will consider them separately.

Many of China’s most important and successful reforms have centered on giving people incentives to pursue successfully the particular enterprise in which they are engaged. Early on, the household responsibility system created a situation in which farmers could directly reap rewards for their labor. Aligning the rewards given to managers and other employees of firms with the actual performance of their firm has spurred increased productivity. Even within the government bureaucracy, the evaluation and rewarding of officials according to the performance of their organi-
zation in specific areas has led to increases in organizational effectiveness and innovation. Indeed, one of the insights driving the successful Chinese reform experience is the idea that decentralized arrangements, in which each unit or organization is responsible for its own success or failure, are best at producing positive outcomes for the system as a whole.

Weakening the link between agencies and associations would represent, in essence, a form of decentralization that could potentially unleash powerful forces of innovation to help drive the ongoing transformation of the economy. When an association is an appendage of a government agency, the leadership and staff of the association have a dual loyalty: on the one hand, they are responsible for guiding the association; on the other hand, they need to align the work of the association with the needs of the agency. Most often, the leadership and staff are rewarded not for the degree of organizational development they engineer, but rather for their success in using the association to complement the work of the agency. Indeed, often the leadership and staff of an association see themselves first and foremost as agency employees (and often they are agency employees). If this is the case, associational development will inevitably be both limited and non-innovative.

It would seem, then, that the key to spurring the development of associations as true intermediary organizations that play key roles in the economy is to create the conditions under which the leaders and staff of individual associations will passionately pursue the organizational development of their association. The staff is particularly important. When their personal fortunes are tied to the fortunes of the association, they will be forced to seek ways of making the association valued by its members and accepted by the state. If we adopt the terminology of ecological organizational theory (Aldrich, 1999; Hamann and Freeman, 1989) and the spirit of resource dependency theory (Pfeffer & Salancik, 1982), we can say that the staff will have to carve out a niche for the association within the environment, securing stable sources of resources and legitimacy. In the case of associations (as opposed to other sorts of organizations), organizational development usually depends on finding out what members want and how such “goods” can be provided by the association (Browne, 1977).

Association members are typically only marginally involved in the association, meaning that the staff is crucially important in maintaining and developing the association as an organization. In their comprehensive study of business associations in developing countries, Moore and Hamalai (1993, p. 1899) concluded that “BA [business association] organizers (the staff) may often have more interest in the existence and activism of BAs than (potential) members and considerable autonomy to manage BAs.” Moreover, these organizers (the staff) are zealous in developing their association because they stand to gain personally from the association’s success.

If business and professional associations are freed from being appendages of agencies, their newly motivated staffs will most likely orient themselves towards doing what such associations typically do: providing services to members. As numerous studies of business associations have demonstrated, these associations survive and prosper by attracting members through the provision of specific services and benefits that members see as valuable (for example, Bennett, 1995; Kneke, 1986; Olson, 1971). Allowing associations to discover how they can attract and serve members will result in the growth of an associational sphere that plays a distinct role in promoting and integrating productive economic activity. This role would naturally involve various forms of cooperation with government agencies that would entail combining the separate strengths of each side, creating a synergy between state and societal actors (Evans, 1997) that is more productive and innovative than what results from the current model, where associations are subsumed within agency agendas and norms.
Of course, it must be remembered that, in promoting the development of business and professional associations, central state reformers have also had in mind the idea that these associations can take on certain regulatory or quasi-regulatory functions. This implies a path of development different from the one identified in the preceding discussion. Thus my second major point: Clear decisions have to be made regarding which associations are to take on authoritative regulatory roles. Discussions of associations in China have tended to bestow on associations the responsibility for performing a wide variety of functions, without considering carefully enough the fact that it is nearly impossible for any one association to perform all of the functions commonly mentioned. Most importantly, there seems to be insufficient recognition that organizations that perform regulatory functions may be qualitatively different from those that are centered on the provision of services to members. Indeed, at times the descriptions given by officials of the role they envision for an association sounds much more like a quasi-governmental regulatory agency than a typical association. All too often, “shetuan” (social organization) and “xiehui” (association) are used as catch-all words to encompass quite different kinds of organizations. This leads to confusion on the ground, among agency officials and those involved with associations, about precisely what it is that particular associations are supposed to do in the newly emerging system. Thus staff members of business associations routinely complain that they are waiting for the government to give them functions that involve an authoritative regulatory role — when in fact, objectively speaking, the future of the association probably lies in providing services to members rather than in regulating members.

Clarifying which associations are to receive authoritative regulatory functions would set the stage for the more rapid and robust development of associations of all kinds. Those organizations that are given regulatory powers can then be designed and managed in ways that facilitate the exercise of such authority. Those that do not receive these powers will then be forced to carve out a particular niche for themselves. Of course, some associations within this latter group may in fact develop into organizations that promote the self-regulation of an industry or profession. Indeed, the success of efforts at industry self-regulation depends on the active support of members for such regulation. It is likely that an association with an active staff eager to work in the interest of its members can develop mechanisms for self-regulation far better than can government bureaucrats.

Overall, in this section I have sought to suggest that increasing the ability of associations to pursue their organizational development independent from the meddling of state agencies will enable associations to play a more positive and dynamic role in the economy than they have so far. In the next section, I examine two very different associations to show how associational development may potentially proceed if agency influence is reduced and the role of associations in regulation is clarified.

Two Success Stories

The Chinese Association of Certified Public Accountants

The organizational history of the Chinese Association of Certified Public Accountants (Zhongguo zhuce kuaijishi xiehui) illustrates how decisive action by the central state to bestow a regulatory role on an association and to provide a critical degree of independence for the association from its sponsoring agency (yeju zuoguan danwei) can generate robust organizational development. In the early 1980s the Ministry of Finance spearheaded the re-introduction of the accountancy profession into China, and in 1986 the State Council issued the first comprehensive regulation concerning registered accountants. Although there was no room or need for accounting firms in the planned command economy of the Maoist era, top officials realized that independent accountants (those not employed by one particular business firm) would be needed in the emerging marketized economy. In 1989, at the end of the period when the state project to create associations and shift to hanyu guanti was first getting underway, the Ministry of Finance created the Chinese Association of Certified Public Accountants (CPAA). And in 1991 the ministry held the first national certification examination for registered accountants.

In the early years of its existence, the CPAA clearly
existed as an appendage of the Ministry of Finance (MoF), functioning more as an internal unit of the ministry than as a separate organization. In fact, it initially received a shiyé bianzhi (official personnel/budgetary allotment), making it more of a para-statal organization than a societal association. The association’s secretary-general (in charge of day-to-day work) served concurrently as the director of the Accounting Division of the MoF, ensuring that the work of the association would be integrated with the work of the ministry. The leadership bodies of the association were dominated by serving and retired state officials rather than by professional accountants. The association was financially almost completely dependent on the MoF until 1993, when its status was shifted to that of a cha’e bóhuán (partially-funded) unit. In short, the association only barely existed as an organization distinct from the MoF.

Beginning in 1994, however, increased emphasis by the central state on developing the accountancy profession and giving the CPAA a key role in the management of the profession accelerated the organizational development of the association. The Certified Accountants Law promulgated in 1994 specified that the CPAA should take over hanyé guánlǐ functions from the MoF. Most important of these was the administration of the national certification examination. The association was to act on behalf of the MoF in carrying out regulation and management of the profession. The promulgation of this law was a turning point because it made clear that the CPAA was to be, first and foremost, a regulatory organization. Moreover, all certified accountants (usually through their accounting firms) were required to join their provincial CPAA, which would in turn be a member of the national CPAA. The mandatory membership requirement flies in the face of Ministry of Civil Affairs statements about the voluntary nature of association membership, but it makes perfect sense for an association that is focused on regulation and the enforcement of professional standards. In sum, the association was armed with a clear mission and secure sources of funds (member dues and examination fees), setting the stage for greater organizational development.

In the last several years of the 1990s, the CPAA finally began to operate as an organization that was distinct from the MoF. That is, although its activities had to be sanctioned by the ministry, they were increasingly carried out independently of the ministry. The appointment of a new secretary-general in 1998 gave impetus to this organizational independence. This person came directly from a position in China’s mission to the World Bank and did not hold a concurrent post in the MoF. As a result, he was much more oriented toward developing the association than previous leaders had been, since they had held concurrent government posts. At the same time, the CPAA was maturing internally, with a growing staff that increasingly identified with the association rather than with the MoF. An organizational identity and culture had begun to form.

The transformation of the CPAA from an agency appendage to a relatively independent organization centered on the promotion and enforcement of professional standards is by no means complete. While the stiflingly close link between the MoF and the association was weakened by decisive actions by the central state, the link remains. The MoF undoubtedly continues to exercise substantial influence over the association. Nevertheless, the CPAA represents a success story in the drive to create associations that play a distinct and positive role in the governance of economic and professional sectors.

The China Chain Store and Franchise Association

The organizational history of the China Chain Store and Franchise Association (CSFA, Zhongguo liansuo jingying xiehui) is shorter and very different from that of the CPAA. The process through which it has begun to escape from the domination of its sponsoring agency, and carve out a distinct niche and role, is intimately connected with the process of reforming the state apparatus (jigou gaige). It should be remembered that the authority of agencies over associations is a result of the regulations on sheituan (social organizations) issued by the State Council. The example of the accountants’ association shows how this authority can be attenuated by actions of the central state that create distance between an association and its sponsoring agency. An examination of the CSFA reveals that decisive action by the central state to weaken and even disband a government agency opens the way for robust associational development.
Starting in the early 1990s, officials in the Ministry of Domestic Trade began to realize the potential importance of chain stores in the development of Chinese retailing and commerce. Enthusiasm for the development of chain stores on the part of Vice-Premier Li Kangkang gave further impetus to the drive by the ministry to promote this sector, making it one of the central projects of the ministry. In 1996 the ministry set up an office (bangongshi) to coordinate the development of the chain store sector. When, in 1998, the ministry was reorganized into a much smaller State Bureau of Domestic Trade, situated hierarchically under the State Economic and Trade Commission, this office was changed into a division (chu) within the Marketing Reform Department (yingxiao gaige si). The focus of this division was simple: the promotion of the development of chain stores.

Following the creation of associations in Shanghai and Guangzhou, the national CSFA was founded in 1997 through the joint efforts of officials within the Ministry of Domestic Trade and a number of the largest chain store companies. The president and secretary-general of the association were serving officials in the ministry, and initially the association had no staff.

The administrative reforms (jigou gaige) of 1998 marked the beginning of the end for the Ministry of Domestic Trade. Not only was it demoted in administrative rank and its personnel allotment slashed, but it was also clear that in several years it would be disbanded altogether. One consequence of this was that many of the officials who were already involved with an association realized that the association held the key to their future livelihood. In the case of the CSFA, the officials involved with it began to orient their work towards developing the association. Yet this did not entail shirking their responsibilities as government officials, for the tasks that many bureau divisions still had were not so different from the sorts of things that associations could do. From 1998-2001, the CSFA experienced rapid and highly successful organizational development. It oriented itself towards holding activities and providing services for its members, and it forged working relationships with similar overseas associations. As of 2001 it had eleven staff members and a board of directors dominated by firms. In early 2001 the State Bureau of Domestic Trade was formally disbanded, and the president of the association formally shifted from being a government official to being a full-time employee of the association. By all appearances, the CSFA is poised to play an increasingly important role in facilitating the success of chain stores in China, in the process making a significant contribution to the effort to create new and dynamic patterns of economic development.

The case of the CSFA shows what can happen when an association is freed from being an appendage of a government agency. It is a fascinating example because its freedom came not from any authoritative outside intervention or as a result of a power struggle, but rather as a byproduct of the gradual melting away of its sponsoring agency. From 1998 on, even as the formal state structures remained, they became increasingly hollow as officials oriented themselves towards a future when even the formal structures would be gone. In the process, those officials who saw their futures as residing in the realm of associations helped propel their favored association beyond the limits set by the original bureaucratic project.

Although the future of the CSFA appears to be bright, clouds remain in the form of the danger that another governmental or quasi-governmental organization will move in to appropriate the association and make it subservient to its own agenda and goals. With the regulation requiring that every association have a sponsoring agency still in force, associations such as the CSFA have been thrown into a nebulous situation. The recent decision by the government to grant ten associations some degree of authority over more specialized associations such as the CSFA introduces further uncertainty into the situation. If nothing else, the experience of the CSFA should suggest that, when left to their own devices, committed associational leaders will tend to pursue organizational success by trying to serve their members — and the result will be a positive one for the leaders, the members, and the economic system as a whole.

**Concluding Thoughts**

The history of the development of business and professional associations in reform-era China exhibits a pat-
tern similar to that of the quite successful overall reform program pursued by the Chinese Communist Party (CCP). Ideas with radical implications are introduced early on, but then a gradual, and often contentious, process of implementation makes it possible for the aims of the reforms eventually to be achieved without creating excessive instability or "shock." Indeed, this is precisely how Chinese leaders have pursued the effort to "reinvent government" through restructuring and downsizing, with significant positive results (Worthley and Tsao, 1999).

However, whereas 1998 seems to have marked a decisive turning point in the struggle to restructure the central government bureaucracy, it is not clear whether the effort to develop associations has yet reached a similar watershed moment. To be sure, the great variety of associations that exist in China today, when compared with the striking dearth of genuine associational activity during the Maoist period, in itself represents significant change. Moreover, the successful experiences of the CPAA and the CSFA illustrate how associations potentially can play significant and distinct roles in governance. Yet perhaps the most difficult challenges are still to come. Enabling associations to develop beyond the confines of the change-resistant bureaucratic system will require the crafting of innovative solutions and the willingness to take difficult, even risky, choices — in short, decisive and innovative leadership. Such a move would most likely be well rewarded, however, for it would represent a significant step away from the old state-centered governance paradigm toward a new citizen-centered governance paradigm that promises to yield benefits for all sectors of Chinese society (Zhang and Zhang, 2001).

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Endnotes

1. Although discussions of this project in China tend to talk about trade associations (hangye xiehui), in practice the project applies to the larger sphere of business and professional associations.

2. Unless specific references are cited, the observations made in this paper are based on my discussions between 1997 and 2000 with Chinese academics and people involved with associations at both the national and local levels.

3. An important issue here, which I will not discuss in this paper due to space constraints, is the relationship between these three aspects of the shift to hangye guanli. In an important sense, they are all dependent on each other. So a lack of progress in achieving the separation of government from enterprises, for example, hinders efforts to develop trade associations. A fuller analysis of this would need to examine the progress of each of these three aspects over time. I thank Mengzhong Zhang for pointing this out to me.

4. It should be acknowledged that lower-level agencies and officials were active in creating associations prior to the time when an official state project emerged. But for most of the reform period, asso-

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cialional creation was carried out within the framework of this project of the central state.

5. There is a serious dearth of publicly available statistics on legally registered associations, beyond the aggregate data on the numbers of social organizations published each year in the China Law Yearbook. The list of registered social organizations is inexplicitly not made public by the Ministry of Civil Affairs, so it is impossible to know exactly how many associations of each type exist. The gongguo (announcements) made periodically in China Society News (Zhongguo shehui bao) appear not to add up to a complete listing of social organizations, and in most localities even such gongguo are dispensed with. It is not clear whether Ministry of Civil Affairs offices (and branches) themselves do not know exactly which social organizations legally exist, or whether for some reason the ministry believes that it is not proper to publicize the names of legally registered organizations.

6. The preceding is admittedly a drastically oversimplified account of the process of associational emergence and central state policies. A more complete discussion will appear in my forthcoming dissertation.

7. The circular issued jointly by the Chinese Communist Party and the State Council in 1984 (#25), “Zhonggong zhongyang, guowuyuan guanyu yange kongzhi chengli quanguoxing hangye xiehui de tongzhi” (“Circular on strictly controlling the setting up of national organizations”), indicates that numerous state organizations and officials had already gotten involved in setting up various sorts of associations, scholarly societies, foundations, and research centers.

8. See the excellent discussion of the issue of legitimacy in Su, Zhang, He, & Gao, 1999.

9. For example, see the long list in the opinion issued by the State Economic and Trade Commission in 1999, “Guanyu jiakuai peiyu he fazhan gongshang lingyu xiehui de ruogan yijian (shixing)” (“Several opinions concerning accelerating the nurturing and development of associations in the commercial and industrial spheres (experimental)”).

10. Information on this association comes from discussions with people involved with the association as well as from Ding (1999) and Zhongguo zhuce kuaijishi xiehui (1999).

11. Information in this section comes from discussions with people knowledgeable about the association and the Bureau of Domestic Trade, as well as from several documentary sources.

References


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