

Chapter 1

An Analysis of “New Social Policies” and the Realization Path

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Since the Reform and Opening Up, each “third plenary session” of the CPC has been an important meeting at which a new central leadership releases signals for reform, demonstrates administrative policies and work priorities. The Third Plenary Session of the 18th National Congress of the CPC witnessed the proposal of a very impressive new expression for the general objective of comprehensively deepening the reform: “promoting the modernization of national governance system and capacity”. Under such objectives, in the area of social reform it is proposed to “center on safeguarding and improving of the people’s wellbeing and promoting social fairness and justice”, and to “step up efforts to form a scientific and effective social governance system so that our society is full of vigor, but also harmonious and orderly”.

Therefore, the Third Plenary Session of the 18th National Congress of the CPC is featured by a significant transition from “administration” to “governance” in terms of ruling ideology. The core of “promoting the modernization of national governance system and capacity” lies with the readjustment of the relationships between the government and the market, the government and the society, among which social structural reform is a key polar. Social structural reform also stresses “releasing and strengthening vigor of the society”, placing the activation of social forces such as NGOs on an important position and serving the two objectives of people’s wellbeing and order. Looking back into the new actions of the new leadership in social areas ever since the 18th National Congress of the CPC, it can

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be seen that efforts at social structural reform have become increasingly intensive, and a macroscopic framework are gradually emerging where the three major areas of NGO, social services and social governance are advancing side by side. We may call such reform trends “new social policies”.

1 Conceptualization and Formulation of New Social Policies

“New social policies” are by no means mere empty talk and visionary plans, but responses made by the new CPC leadership based on a judgment of the economic and social development stage and practical needs of China, and also based on the practical experience gained from early explorations in this field by the previous leadership. In 2007, the 17th National Congress of the CPC for the first time included social construction into the “four-pronged” overall layout of politics, economy, culture and society, proposing from the perspective of people’s wellbeing to “pay more attention to social construction, make greater efforts to safeguard and improve people’s wellbeing, and endeavor to ensure that all the people have access to education, employment, medical and old-age care and housing, so as to promote the building of a harmonious society”. At the beginning of 2011, the Central leadership, in response to the increasingly complicated social contradictions and chiefly out of the perspective of social order, proposed to strengthen social construction and reform social management, speeding up the formation of a social management pattern of “Party committee leadership, government responsibility, social cooperation and public participation”. During this period, we have witnessed diversified innovative explorations by all local governments in social services, social management and other areas. These numerous practical explorations have gradually converged into a driving force for macroscopic changes in the social sector, coming into the vision of top-level designers and working their way onto the center stage for deepening reform in China.

The 18th National Congress of the CPC may be regarded as the starting point when “new social policies” came to be conceptualized. The report of the 18th National Congress of the CPC epitomizes and represents the practical experience of the previous leadership, and also reveals for the first time the new strategies and new thoughts of the new leadership represented by Xi Jinping and Li Keqiang. It provides an inkling of such new trends as the Chinese dream, combating corruption and upholding integrity, transformation of governmental functions and social reform. In a reference to social construction, it proposes for the first time to “step up efforts to promote social structural reform”, which has set the underlying tone for the implementation of “new social policies.” Likewise, it proposes for the first time “to speed up the formation of a modern NGO system characterized by separation of government administration and NGO management, well-defined rights and

responsibility and self-governance by law”, which not only establishes the dominant role of NGOs in the governance system, and also echoes today’s “modernization” of “national governance system and capacity”. Meanwhile, in the section of “strengthening and innovating social management”, it proposes to “improve the way in which the government provides public services, strengthen the management and service system for grass-root society, enhance the service functions of urban and rural communities, intensify the responsibilities of enterprises and public institutions and the people’s organizations in social management and services, so as to guide NGOs to develop in a healthy and orderly way and give full play to the fundamental role of the masses in participating in social management”, which even more sufficiently reflects the thought of letting multiple social subjects participate in governance.

Since the beginning of this year, the CPC central committee and the State Council have unveiled a series of programs and plans outlining the gradual launch of “new social policies”. The *Plans on Institutional Reform of the State Council and Transformation of Government Functions* adopted by the National People’s Congress during the “the National People’s Congress and the Chinese People’s Political Consultative Conference (NPC & CPPCC)” as well as the *Notice Concerning Task Assignments for Implementation of the Plans on Institutional Reform and Transformation of Functions of the State Council* by the General Office of the State Council once again underscores and materializes the macro thought of delegating powers to the market and the society. In principle, institutional reform of the State Council deals with the issue of organizational changes of the government itself. The new plans nevertheless lay special emphasis on “reforms of NGO management system” by centering on the relationship among the government, the market and the society. In line with the requirements for the establishment of a modern NGO system, the country will lower the threshold for NGO registration, push on with the disconnection of trade associations from administrative organs and give priority to cultivation and development of NGOs in the categories of industry association/chamber of commerce, technology, public welfare and charity, urban and rural community service. At the end of September, the State Council published *Guiding Opinions on Government Purchasing Services from Social Forces*, part of specific measures aimed to encourage participation by NGOs and other social forces in public services. At the same time, spurred by social needs and innovative incentives, local governments in Guangdong, Yunnan, Zhejiang and Jiangsu Provinces carried out their own pilot programs one after another, in a bid to interpret and extend the connotations of reform in social sector.

The proposal of “promoting the modernization of national governance system and capacity” at the Third Plenary Session of the 11th National Congress of the CPC can be said to have set the macro guidelines for reform in social sector, marking the launch and popularization of “new social policies” braced by top-level designs. A number of new policy developments indicated that “new social policies” are in full swing, ranging from the revision of regulations such as *Rules on Social*

Organization, Rules for Foundation, to the legislation of new laws such as *Rules on Social Service Agency, The Law of Charity*, and all the way to reform of NGO management system, government purchasing service, transfer of government function, innovations in governance system.

2 Connotations of New Social Policies: Three Strategies

What connotations are there in the “new social policies” under the guidance of the concept of “promoting the modernization of national governance system and capability” and what specifically do they include? As discussed above, we hold that the “new social policies” rolled out by the new leadership will serve a dual-purpose of people’s wellbeing and social order. They will take the task of readjusting relationship between the government and the society as their core and manifest themselves in the form of social structural reform. Based on the reality of national governance system in China and the conceptualization process, “new social policies” should in essence be composed of three correlated strategies: NGO system reform, social service system reform and social governance system reform, which are to be unfolded over a period in the future.

2.1 The First Strategy: NGO System Reform

The purpose of NGO system reform is to build a modern NGO system characterized by “separation of government administration and NGO management, well-defined rights and responsibility and self-governance by law” and let “organizations” return to society. With regard to the attributes of the modern NGO system, “separation of government administration and NGO management” is to establish the independence and dominant position of NGOs, stressing that the government should give sufficient leeway, delegate powers to NGOs and refrain from directly intervening in the operation of NGOs; guaranteeing “well-defined rights and responsibility” under the premise of “separation of government administration and NGO management” is to ensure that the government, NGOs and NGO administrative departments have clear-cut distinctions of responsibility and powers, and engage in mutual cooperation without any malposition or transgression; “self-governance by law” stresses that, on the one hand, NGOs shall conduct self-management and self-operation under the guidance of laws and their articles of association; on the other hand, rather than imposing administrative intervention, the government should follow the principle of supervising according to law so as to give full play to the subjectivity and vitality of self-governance. To build a modern NGO system, we have to properly address the relationship on three levels and make endeavors in three aspects.

On the first level, we have to properly address the relationship between the Government and NGOs, constructing a modern system for the management,

cooperation and cultivation of NGOs. The direction of NGO management system reform is to make a transition from entry supervision to process supervision, from organizational supervision to behavioral supervision, and from administrative prevention to after-event punishment according to law, which aims to break the “dual management system”, and lower threshold for registration, thereby developing a NGO management pattern characterized by “unified registration, clear-cut responsibility, coordination and cooperation, level-to-level responsibility and supervision according to law”. Under the premise of separation of government administration and NGO management, the construction of the government-society cooperative system includes demarcation of the boundary between the government and the society, transfer of government functions, government purchase of NGO services and social collaborative governance and others. Building an NGO cultivation system is an arrangement aimed to exploit to the full the leverage of the government in guiding and cultivating NGOs at the initial period when new-fledgling NGOs have not yet the capability to take over functions transferred by the government and bring into full play their self-governance functions. Such arrangements include implementing or defining the entity of NGO cultivation, setting up an NGO incubation platform with government input and socialization participation and rolling out various policies in support of NGOs.

On the second level, we have to properly address the relationship between NGOs and the society and among NGOs themselves, constructing the social accountability system and self-discipline system of NGOs, and mutually supportive endogenous development system or ecosystem of NGOs. On the part of the government, it is necessary to help establish a perfect system for public welfare organization information disclosure, public welfare accountability, and remedy of right of public interests, with the priority given to the cultivation of pivotal and supportive organizations in the NGO ecosystem, so as to guide the reasonable flow and operation of social resources and powers within the NGO ecosystem.

On the third level, we have to properly address the internal relationship in an NGO, guiding or helping an NGO to enhance its capacity, set up a reasonable internal governance structure and foster favorable public welfare atmosphere. The laws should provide basic requirements for NGOs with extensive social influence with respect to their governance structure while showing respect for the diversity of NGOs. Meanwhile, the government is to play a guiding role in promoting capacity construction of NGOs and creating a favorable atmosphere for NGOs.

The construction of a modern NGO system needs to be carried out in two major stages. The first stage, dominated by the government, is a process in which the government voluntarily withdraws and gives leeway from top to bottom, thereby creating a sound environment for the growth of NGOs. This stage has been started. In March of this year, the General Office of the State Council set out in the *Notice Concerning Task Assignments for Implementation of the Plans on Institutional Reform and Transformation of Functions of the State Council* the goal of basically forming a modern NGO system by 2017, meanwhile proposing a timetable for tasks in the near future with regard to such issues as pushing on with the gradual disconnection of trade associations and chambers of commerce from administrative

organs, revision and promulgation of three principal NGO management regulations, registration of four categories of NGOs directly with departments of civil affairs and acceleration of government purchase of services from social forces. The second stage should be a bottom-up process dominated by the society, which underscores the independency, sociality, autonomy of NGOs and the formation of an NGO ecosystem. This process entails a long period and enough patience.

2.2 The Second Strategy: Reform of Social Service System

The reform in social service system is aimed to return “services” to the society by reforming the existing system for public institutions, and building a broad and multi-layered modern social service system with multiple subjects and a flexible mechanism. Reform of social service system and transformation of government functions are highly associated with the emergence of NGOs. However, in the current period, the crux of reform lies in public institutions, the main provider of social services in China. In 2011, the Central Committee of the CPC and the State Council rolled out *Guiding Opinions on Acceleration of Category-Based Reform of Public Institutions*, focusing on accelerating reform related to public institutions. Now it is necessary to review the reform mindset for public institutions under the whole thought of social structural reform.

Reform of social service system is set against the realistic background of the increasingly diversified and complex social needs and the disintegration of an omnipotent government. Therefore, a modern social service system has to address two major issues, or two transitions: one is to make the transition from unitary, monopolized social services to diversified and competitive social services, thus improving efficiency of social services; the other is to make the transition from uniform basic social services to diversified and multi-layered social services, thus expanding the scope of social services and meeting diversified needs. These two transitions require that social service providers be multiple subjects who share out the work and cooperate with one another. The diversification of subjects stresses activating the vigor of social subjects. Public institutions established by the government will no longer be the principal part of social service providers; instead, various NGOs and the social public are encouraged to participate in social services and set up public undertakings. Sharing out the work and cooperating with one another underscores two aspects: on the one hand, each entity has its own focus and cooperates on the basis of a clear division of responsibilities. For instance, the government will concentrate on providing basic public services while the social subjects will focus on personalized and diversified social services; on the other hand, distinctions have to be made between the providers and producers of social services. The government doesn't need to act as the direct provider of services, but will share out the work and cooperate with the social subjects in the form of contract based on a clear division of responsibility.

Under the guidance of the above macroscopic guidance, the reform of public institution system and the construction of a modern social service system should include two major aspects.

One is to readjust the relationship between the government, public institutions and other entities of social services. First, we should adopt the mode of “incremental reform” for public institutions. The existing public institutions will not be expanded and no additional public institution will be set up for any new social service item, so that more space can be allotted to the development of other social service entities; second, we should adopt the mode of “stock reform” for public institutions. It involves separating the government’s administrative function from public institutions’ operational function, and separating regulative function from management function, and enhancing the decision-making power of public institutions as a legal person through perfection of the governance structure of public institutions as a legal person, reform of personnel system, and income distribution system, thus streamlining the relationship between the government and public institutions; the ultimate goal is that various service providers including private non-profit social service agencies are treated as equal and can compete on a level playing field by abolishing in phase the privileges enjoyed by public institutions in credentials accreditation, professional qualifications and title assessment, tax policies and government purchasing services.

The other is to establish a diversified, fair and efficient social service resource supply system. First, we should strengthen the government’s function of rendering public services, adjust the expenditure structure of the government, expand financial supports to social services, build a long-term financial supportive system, and establish a diversified supportive mechanism and mode including government purchasing service, government funding, and financial subsidy. Next, we should create a favorable legal environment for public charity undertakings and facilitate accumulation of social resources and their circulation in social service sectors. Third, we should help bring about a professional social service evaluation and monitoring system, ensure efficiency and create a sound competitive environment for social service providers.

In a modern social service system, although the government still takes the core responsibility for social service, public charity along with the professionalized and socialized service providing pattern will become the mainstream. In view of the wide scope of entities with vested interests, huge inertia of the system and complex situation involved in the reform of public institutions, it can be foreseen that a long transitional period will be required to foster a modern social service system.

2.3 The Third Strategy: Reform of Social Governance System

The aim of social governance system reform is to reform the system of the people’s organization, and return “governance” to the society by establishing a modern

social governance system which represents the masses, allows unobstructed expression of opinions, responds quickly and solves disputes at the source. Trade unions, Communist Youth Leagues and women's federations at all levels should genuinely play their role in representing and contacting the masses, and contribute to the coordination of social relations and the resolution of social contradictions. The ultimate goal is that the masses are willing to air any grievance to or resolve any dispute they have through the people's organizations rather than seeking redress with the government.

The system of the people's organization dates back to the war times. It is a basic system whereby the Party and the government conduct social mobilization, maintain closer ties with and manage the masses. Through over 20 units including trade unions, the Communist youth leagues, women's federations, associations of industry and commerce, the associations of science and technology and federations of literary and art and over 7 million people's organizations at all levels, the Party and the government have maintained effective contacts with the masses from all walks of life and realized efficient mobilization and consolidation and ideological construction in the society. However, with the changes of times, the people's organizations have gradually failed in their function of consolidation and governance since no adjustments are duly made to its original functions and orientations. Due to the continuation of an omnipotent government and control mindset, the Party and the government have established a top-down regime for maintaining stability, in an effort to bring behaviors of all social members under the control of the government. For instance, some local governments have attempted at setting up a network-based management system. In fact, such regime is not only costly, but also no longer compatible with the current pattern of social development. In the new idea of social order, it is desirable to make the transition from stability maintenance; control and administration to governance, bring into full play the self-governance function of the society and return the governing power to the society. Based on this idea, it is thus necessary to reform the existing system of people's organizations to help them adapt to social development, serving the function of opinion consolidation and two-way expression between the Party and the government and the broad masses.

Ultimately, building a modern social governance system would require universal and diversified associations to enable various mass organizations including the people's organizations and their ecosystem to become the main body of social governance, serving the function of opinion expression, interest coordination and contradiction resolution. The reform of the people's organization system and the building of a corresponding modern social governance system is an important part of social structural reform, and also concerns with reform of the political system. Thus, reform in this field would require even greater courage and innovative spirit. Anyway, progress in this regard will perhaps be a good breakthrough point in the course of the gradual reform of the political system.

The relationship between the "new social policies" comprising mainly the above three strategies and the modern national governance system is that, what they construct is actually a self-organized, self-served and self-managed modern civil

society. Such a modern civil society will in turn become the one of the three pillars of a modern national governance system, and the other two are market entities and the modern government established after the reform of the market economic system and the political system.

3 Outlook: Realization Path of New Social Policies

The Third Plenary Session of the 18th National Congress of the CPC has given orientation for “new social policies” from the macroscopic perspective of construction of a modern national governance system, however, the three strategies of the “new social policies” are unlikely to be realized in any short period; instead, they will interrelate, coordinate with each other and progress systematically for a long time.

Being interrelated and coordinated means that, the three major strategies need to be launched simultaneously to promote each other. To be specific, without reform of NGO system, there would be no possibility for NGOs to grow, mature and serve their functions, thus unable to take over the services transferred from the government and construct a modern social service system; meanwhile, without the reform of social service system, the government would not transfer its functions, or give space and impetus for the growth of NGOs. With a lack of social subjects, it would naturally be difficult to establish a modern NGO system. Therefore, these two aspects are mutually conditional and must be initiated simultaneously. In other words, just as the government cannot let go of its power until NGOs are fully mature, the society cannot wait to grow until the system gets fully sound, either.

Systematic progression means that the three major strategies differ in terms of complexity of realization and should be dealt with in the order of priority and step by step. As discussed above, the construction of a modern NGO system needs to be carried out in two major stages: one dominated by the government and the other dominated by the society. It is undesirable to be anxious to achieve quick success and get instant benefits. Moreover, reform takes courage, wisdom and progress. Though progress in the reform of public institutions is painfully slow due to the complexity of the groups with vested interests involved, this has not prevented us from starting with some emerging sectors of social services by encouraging the participation of social forces. Once the regime and mechanism of government purchasing services from social forces is mature and NGOs become full-fledged, we may further promote competition among different social subjects in the conventional sectors of social services, thereby advancing the reform of public institutions. Take another instance, reform of people’s organizations is not easy to proceed with since political considerations are involved, however, we may start with some organizations which are less politically sensitive or community-level organizations or launch pilot programs in some local areas.

As with structural reform in the market sector, “new social policies”, as a top-level thought going from the top to the bottom, have released strong signals for reform. Next, we will expect magnificent local practices from the bottom to the top to interact with them, jointly fulfilling the grand objective of “modernizing the national governance system and capability”.