



The Administration's Retreat and the Party's Advance in the New Era of Xi Jinping: the Politics of the Ruling Party, the Government, and Associations in China

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Abstract

In the new era of Xi Jinping, the Party has become more assertive, reclaiming the function of managing social organizations that the government agencies had carved out for themselves over the past decades. This article utilizes an analytical framework grounded in a party-state-society trichotomy to analyze the interactive dynamics of the politics of the ruling party, the government, and social organizations in China. The article argues that the party-state has pursued a new strategic approach to advance the Party and that the administration has partly retreated in governing and managing social organizations in the new era of Xi Jinping; this is a form of compromise as the party-state is adapting to the market economy and changing society while the party's dominating role in social organizations strengthens. By analyzing the administration's retreat and the party's advance with the case study of Wenzhou City, this article investigates how government agencies and social organizations at the local level respond to the party-state's new strategic approach. The article concludes with a discussion of the policy implications and with broader reflections on the political trends in other areas of social and economic life affected by the administration's retreat and the Party's advance in China.

Keywords State-society relations · Ruling party · Government · Social organizations · China

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Introduction

After more than forty years of economic reform and opening-up policies, the Chinese state has gradually retreated from fully controlling the society, creating spaces for social organizations to operate in and develop [2, 8]. How to manage social organizations has become one of the most challenging endeavors for China, since the presence of social organizations is thought to be an important indicator of civil society development and political change [4, 10]. In the past few decades, the Chinese party state has adopted many administrative methods to regulate social organizations in the fields of registration, supervision and management. These administrative regulations of social organizations are mostly executed by government agencies working at the frontlines, but they represent the mind of the ruling Chinese Communist Party (CCP), which plays a separate and hidden role behind the government agencies.

In recent years, particularly after President Xi Jinping assumed power in 2012, there has been a new change in the management of social organizations. The Chinese party-state claims that it is accelerating the separation between the government and social organizations (*jiakuaizhengshufenkai*) and boosting the vitality of social organizations (*jifashehuizuzhihuoli*). Experimental relaxation of registration rules and the government's purchasing of services from social organizations have been enforced by local governments and backed by the central government [7]. However, the role of the Party has been reasserted in social organizations. This change has expanded the party-building work via social organizations and strengthened the Party's control over social organizations [30]. Considering these changes in the recent management of social organizations in China, it is not clear why Chinese leaders allow the administrative regulations to be partially withdrawn from the field of social organizations or how to explain the current advancement of the Party with the social organizations.

Scholars have attempted to explain the changing relationship between the state and society in China. Some explain the changing relationship with reference to the actions of social organizations [1, 42], while others reference the interests and actions of the state [11, 22, 28]. Many scholars pay attention to both states and societies in their analyses to study their interaction [26, 27]. However, the CCP's role in China "has been largely overlooked in the existing literature on the state-society relationship," and scholars have noted the advancement of the Party in relation to social organizations under Xi Jinping [29: 2]. Nevertheless, few studies have provided an analysis that places the ruling party, the government, and social organizations within a unified framework to understand the current state-society relationship in China. How local agencies and social organizations behave and respond remains understudied as well.

This article attempts to fill this gap using an analytical framework grounded in a party-state-society trichotomy. We call the party-state's new strategic approach of managing social organizations during the new era of Xi Jinping the administration's retreat and the Party's advance (*dangjinzhengtui*), in which the government administration partly withdraws from its role of strictly regulating social organizations and the party tightens its control over social organizations. We argue that this administration's retreat and party's advance is a form of party-state compromise, as this approach adapts the state to the market economy and the changing society based on welfare pluralism, while the Party strengthens its dominating role in social organizations.

There are three key elements of this new approach. First, the approach accepts the market logic that social organizations serve the society and promote economic growth and social welfare. Relaxation of management regulations energizes social organizations, allowing for a greater autonomy (in terms of the organizations' professional functions, finance, and personnel), while also subjecting them to increased competition. Second, the approach gives social organizations increased flexibility in their professional functions to satisfy the interests of service recipients. This process has involved the government transferring some administrative functions to social organizations and purchasing services from social organizations. Third, although the administrative controls regulating the social organizations are becoming weaker, the Party's branches are now aggressively penetrating every association by managing the ideology, personnel, and finances of social organizations for the purposes of political control. The first two elements relate to the administration's retreat: relaxing regulations and empowering social organizations. The third element emphasizes the Party's advancement of political control.

The rest of the article proceeds as follows. We begin by reviewing the literature to understand the evolving relationship between the party-state and social organizations in China. We then contribute to the existing literature by presenting the party-state's new strategic approach of the administration's retreat and the party's advance to explain the current politics of party-state-society relations in China. Next, we investigate the local practice of the administration's retreat and the Party's advance in Wenzhou City to understand how government agencies and social organizations have responded to this new strategic approach at the local level. The last section concludes with a discussion of the implications and a broader reflection on the political trends in other areas of social and economic life in China.

Theoretical Background and Analytical Framework

Scholars have debated how much autonomy social organizations have—and should have—from the state, as well as whether social organizations can adequately represent society's interests, given their relationship with the state [15, 19, 32, 41]. The debate has involved several theoretical issues at the macro level from the 1990s to the 2000s, but most of the theoretical debates have taken place from the perspective of the state-society dichotomy relationship in China. In the new era of Xi Jinping, the Party has taken on the role of managing social organizations, which has led to a new framework of a party-state-society trichotomy relationship.

Most scholars have drawn on the concept of corporatism to describe the regulatory structure of social organizations in China as state corporatism or socialist corporatism [18, 20, 31]. The corporatism explanation was once the dominant model in China but has proven inadequate in capturing the reality of the state's relation to social organizations. For example, social organizations no longer function as vehicles of effective communication between the state and relevant industry sectors. Moreover, many associations no longer maintain a monopoly over particular regions and sectors (*yidi yiye yihui*)¹ [12, 39]. Most scholars seem

¹ The expression "*yidi yiye yihui*" means that only one singular association can exist in each region and each specific industry.

to agree that China's regulatory framework for social organizations might only have corporatist characteristics [6].

In deploying the concept of corporatism, scholars have also examined social organizations as an example of an opportunity to foster a civil society in China [5, 16, 35, 42]. Early scholars, at the start of the 1990s, predicted that emerging associations would align with the rise of the civil society in China [34]. Nevertheless, few scholars have successfully tested the hypotheses of civil society theory in practice in China. Fewsmith found that business associations in Wenzhou represent a form of social capital among private enterprises, as networks promoting the interests of the industry but not those of the broader civil society in China [1]. Unger and Chan noted that the change from state corporatism to civil society has failed over time, since the Chinese government has reasserted control over social organizations [32].

During the 2000s, scholars described state-society relations as a hybrid model that combines autonomous social organizations in civil society theory with the mechanism of state control in corporatist theory [28, 45]. The relationship between the state and social organizations has developed to become increasingly codependent and may even coexist in a "contingent symbiosis" [4, 26]. Through service contracting and financial support, the Chinese government embeds its control into social organizations while promoting autonomous social organizations [17, 33, 44].

From the 1990s to the early 2000s, debates about corporatism, civil society, and their hybrid model have enriched the study of state-society relations in China but have focused primarily on state-society dichotomy relations and have hardly revealed the role of the Party [24]. Furthermore, the existing literature has failed to capture the changing nature of state-society relations, since the state strategy toward social organizations has shifted, with an increased emphasis on coping with the challenges posed by the changing society itself. Studies and practices have also drawn attention to the dynamic state-society interactions and their evolution in China since the 2008 Wenchuan earthquake [23, 25, 37]. The state is adapting to the changing society, while social organizations are also conducting appropriate resource strategies to shape the authoritarian environment [9, 21, 38].

In the new era of Xi Jinping, the Party and the state each play their respective roles in social organizations, although the Party and the state were previously regarded as unitary party-state actors, suggesting that the Party's advancement has led to a change in the party-state's role in the realm of associations [29]. In the past, the Party's role was once hidden, with the Party operating somewhat in the shadows regarding social organizations, but the Party has emerged to control social organizations in a direct and visible way. In September 2015, the Central Office of the CCP launched "Opinions on Strengthening the Party's Construction Work in Social Organizations (for Trial Implementation)" to take firm steps to expand the Party's organizational network throughout all social associations. By bringing back the role of the Party, the state has withdrawn its administrative regulations from the field of social welfare for social organizations [7]. In July 2015, "The General Scheme for Business Associations Decoupling with Administration Departments" was launched to require business associations to be decoupled from government agencies with respect to professional functions,

finances and personnel. The Ministry of Civil Affairs announced 148 national business associations as the first pilot program for decoupling business associations from government agencies in 2015 and another 144 national business associations as the second pilot program in 2017.

We use the administration's retreat and Party's advance to refer to Chinese state-society relations in the new era of Xi Jinping, whereby the political control of the Party has advanced in all social organizations and whereby many administrative regulations on social organizations have been relaxed. This suggests that the party-state's new strategic approach of managing social organizations significantly distinguished between state control and control by the Party in the new era of Xi Jinping. State control began to focus more heavily on government regulations on the registration and administration of social organizations, whereas Party control began to emphasize the CCP's organizational/political control over social organizations, independent of the government's role. Although there is much overlap between the Party and the government, which are intertwined, with the Party at the center of power structures, the respective roles of state control and Party control in social organizations are significant in explaining the recent change in the management of social organizations in China.

We propose an analytical framework grounded in a party-state-society trichotomy relationship to replace the state-society dichotomy relationship in China in the new era of Xi Jinping. This framework includes the relationships between the ruling party, the government, and social organizations, through which the Party comprehensively controls social organizations and the government retreats from imposing harsh regulations on social organizations in the field of social welfare. The party-state-society trichotomy relationship in managing social organizations might account for the strengthening of the Party's role in social organizations. In the following sections, the analytical framework of a party-state-society trichotomy relationship is utilized to explore how the administration's retreat and the party's advance have operated in practice at the local level in the new era of Xi Jinping.

Methods and Data

The analytical framework of a party-state-society trichotomy relationship is examined through a case study [40]. The case is based on highly contentious issues that present what measures and procedures the party-state employed at the local level to put the administration's retreat and the party's advance into practice and how local governments and social organizations responded to these changes. We use Wenzhou City, renowned for its thriving private economic sector, as a case study to examine why the government partly retreated from its tight administrative control and how the Party's drive to comprehensively cover (*quanfugai*) the social sector of associations works at the local level.

The research was undertaken using the interview method. Forty-five semi-structured interviews were conducted between 2014 and 2016 in Wenzhou City. Interviewees included 17 presidents and secretaries-general of 11 business

associations,² 18 leading officials from six government agencies,³ five private entrepreneurs, and five university scholars. Interviewees were asked about the practices and responses of the administration's retreat and the Party's advance and the outcomes that they saw as contributing to good state-society relations. All interviews were audio-recorded, transcribed, and analyzed thematically. For several events in the case study, there were accounts of the same event by various interviewees expressing conflicting ideas. Additionally, documents produced by social organizations and central Chinese government agencies from Zhejiang Province and Wenzhou City were reviewed.

The case analysis of Wenzhou's experience does not claim to be representative but provides insights into the changing politics of the party-state and associations relations at the local level. We also chose business associations that are pioneering social organizations due to their sustainable prosperity and significant status in connection with local private enterprises. Most reforms of social organizations in Wenzhou started with pilot projects within business associations and these reforms were then to other types of social organizations. As a leading official from the Wenzhou Bureau of Civil Affairs said, "if we can manage business associations well, the management work of social organizations in Wenzhou has already been half done."⁴ The many prosperous private enterprises in Wenzhou have enhanced the role of business associations in a market environment and may be indicative of possible developments elsewhere in China as the local private market grows. Thus, the Wenzhou case could offer a dynamic picture of the party-state's strategic approach toward associations at the local level across China.

The Administration's Retreat and the Party's Advance in Wenzhou City

Wenzhou is a major city situated in southeastern Zhejiang province. With a population of 9,117,000 in 2015, Wenzhou has four districts and seven counties.⁵ As the birthplace of the Chinese private economy, Wenzhou was the first city to establish individual and

² The 11 business associations are the Wenzhou Shoe Leather Industry Association, the Wenzhou Clothes Business Association, the Wenzhou Synthetic Leather Industry Association, the Wenzhou Ouhai District Auto and Motorcycle Parts Industry Association, the Wenzhou Ouhai District Construction Industry Association, the Wenzhou Household Electrical Appliance Industry Association, the Wenzhou Electronic Commerce Industry Association, the Wenzhou Building Materials Industry Association, the Wenzhou Metal Industry Association, the Wenzhou Glass Business Association, and the Wenzhou Electroplating Industry Association. Both the presidents and the secretary-generals from the Wenzhou Shoe Leather Industry Association and the Wenzhou Clothes Business Association were interviewed twice. In total, 17 interviews were conducted with presidents and (or) secretary-generals of 11 business associations.

³ The six government agencies are the Wenzhou Municipal Bureau of Civil Affairs, the Wenzhou Economic and Information Technology Bureau, the Wenzhou Municipal Organization Committee Office, the Wenzhou Municipal Bureau of Finance, the Organization Department of the Wenzhou Municipal Party Committee, and the Wenzhou Federation of Industry and Business. Four leading officials from the Wenzhou Federation of Industry and Business were interviewed twice, and two leading officials from five other agencies each were interviewed once. In total, there were 18 interviews with leading officials from six agencies in Wenzhou.

⁴ Interview with the leading officer of the Wenzhou Civil Affairs Bureaus in July 2015.

⁵ The four districts are Lucheng District, Longwan District, Ouhai District, and Dongtou District; the seven counties are Ruian County, Yueqing County, Yongjia County, Pingyang County, Cangnan County, Wencheng County, and Taishun County.

private enterprises as well as shareholder cooperatives, which served as the “Wenzhou Model” for vibrant private business activities. By the end of 2014, there were more than 140,000 private enterprises, accounting for over 90% of all enterprises and contributing to more than 80% of Wenzhou’s GDP.⁶ The prosperity of the private industry and enterprises produced many business associations⁷ in Wenzhou. By the end of 2014, there were 570 business associations in the city, of which 158 were municipal business associations.⁸

The party-state-society trichotomy relationship replaced the state-society dichotomy relationship in managing business associations in Wenzhou during the new era of Xi Jinping. The expanding private economy and social development pushed the party-state to relax administrative control over business associations in Wenzhou City, while the Party’s role in business associations advanced to fill the gap left by the administration’s retreat. The administration’s retreat and the party’s advance has been a double-edged sword for business associations. On the one hand, business associations have enjoyed the benefits of deregulating registration and of decoupling from the government. On the other hand, business associations have had to accept the strengthening of Party leadership and control. The party-state-society trichotomy relationship in managing business associations was reflected and confirmed in the documents of the Wenzhou committee of CCP and the Wenzhou Municipal Government. In October 2012, the Wenzhou committee of CCP and the Wenzhou Municipal Government launched “Opinions on Accelerating the Development of Social Organizations.” The document declared support for the direct registration of business associations and the principle of one industry with multiple business associations, thus transferring the local government’s industrial functions to business associations, strengthening the Party organization’s establishment, and promoting Party activities in every business association.

The Administration’s Retreat: Deregulating Registration and Decoupling the Government from the Business Associations

The administration’s retreat from managing social organizations in Wenzhou City took place by relaxing registration and supporting the concept of one industry with multiple associations as well as by decoupling administration functions from associations. Starting at the end of 2012, the Wenzhou Municipal Government introduced the direct registration of business associations with the Civil Affairs Bureaus. This process led to the blooming of many new business associations in Wenzhou, and the number of new business associations increased by 21% between 2013 and 2014, which was three times the growth in the previous 5 years.⁹ The direct capitalist interest of private enterprises drove this growth in business associations. One official from the Wenzhou Civil Affairs Bureau that we interviewed stated the following:

⁶ Wenzhou Statistic Bureau (*wenzhoutongjiju*). (2015). Wenzhou Statistical Yearbook 2015 (*wenzhoutongjijianjian*), Beijing: China Statistics Press.

⁷ From an organizational perspective, business associations in China can be divided into trans-sectoral associations initially composed of members with individual ownership and industry-specific associations. In this article, “business associations” refers to both categories. Additionally, industry associations are also referred to as business associations.

⁸ Data from the Wenzhou Municipal Bureau of Civil Affairs, 2015.

⁹ Data from the Wenzhou Municipal Bureau of Civil Affairs, 2015.

The collective interest of the private sector motivates private enterprises to establish their own business associations in Wenzhou. The majority of these new business associations were applying for registration before the reform but failed because they could not find an affiliated agency to be their regulatory department. We found it extremely urgent to abandon the dual management system to facilitate business association establishment in Wenzhou.¹⁰

Along with the reform of direct registration with the Civil Affairs Bureaus, the principle of one industry with one business association was also abandoned in Wenzhou. By the end of 2012, two or more business associations in the same industry were officially encouraged to exist, reflecting the various aspects of the industry's structure and the different activities and interests of diverse enterprises. Being the first to benefit from this reform, the Wenzhou Automobile Supplies and Cosmetology Conservation Industry Association (WZASCCIA) was established in March 2013. The organization was previously a branch of the Wenzhou Maintenance Industry Association. Soon after, the Printing and Dyeing Washing branch separated from the Wenzhou Clothes Business Association (WZCBA) and registered as the Wenzhou Printing and Dyeing Washing Industry Association (WZPDWID). In such cases, there were no conflicts of interest between the former branches of the associations and the separate organizations. However, the Wenzhou Original Equipment Manufacturer Footwear Association (WZOEMFA) that was newly established competed with the existing Wenzhou Shoe Industry Association (WZSIA). This case reflects some dissatisfaction among the former members of the larger association. By the end of 2015, there were more than 10 industries practicing the principle of one industry with multiple business associations in Wenzhou.

The reform of one industry with multiple business associations adopted by the local government placed business associations in a competitive market environment to boost the private economy. As the leader of the Wenzhou Federation of Industry and Business stated, "the reform of one industry with multiple business associations still needs to settle down in practice. As long as it can facilitate economic growth in Wenzhou, it is worth trying this reform."¹¹

Although the relaxation of the registration and regulation system provided opportunities and a competitive environment for business associations, the system still connected business associations with administration agencies. The Municipal Government of Wenzhou City has taken several actions to ensure the separation of business associations and administration agencies since 2012.

Decoupling the business associations from the government was one step taken by the Wenzhou Municipal Government toward realizing the administration's retreat from business associations, while the transfer of government functions to business associations in Wenzhou City was another step forward. In 2012, the Wenzhou Municipal Government issued the "Guiding Opinions on Promoting the Transferring Function of the Government to the Social Organizations in Wenzhou," which suggested that government agencies transfer functions to business associations. The former city mayor, Chen Jinbiao, launched the first experiment of transferring government

¹⁰ Interview with the leading officer of the Wenzhou Civil Affairs Bureaus in July 2015.

¹¹ Interview with the leader of the Wenzhou Federation of Industry and Commerce in November 2015.

functions to the Wenzhou Shoe Leather Industry Association (WZSLID). The leader of the WZSLID recalled the following:

When the city mayor was visiting us in February 2013, he found that we had many good experiences and ideas about how to improve business associations. He asked us whether we would like to be the pioneer of the business association reform, which could then be diffused to other business associations.¹²

Three months later, the Wenzhou Economy and Information Committee issued “The Pilot Program for the Innovative Development of the Wenzhou Shoe Leather Industry Association”, which was designed so that the Wenzhou Shoe Leather Industry Association could undertake the “technical functions” (*jishuzhineng*) and “service functions” (*fuwuzhineng*) previously managed by government agencies to advance the development of the shoe and leather industry in Wenzhou. In May 2013, the associations listed 13 functions that they wished to take over from the local government agencies. However, many government agencies resisted transferring their functions to the business associations due to concerns about protecting their own agencies’ interests. Only two of the nine government agencies agreed to transfer their functions: the Wenzhou Municipal Human Resources and Social Security Bureau and the Wenzhou Economy and Information Committee. As one leading official of the Wenzhou Municipal Organization Committee Office noted,

It was extremely difficult to persuade government agencies to transfer their functions to business associations because their budget and personnel would be reduced along with the functions. That was what they worried about most.¹³

After more than ten rounds of discussions, six government agencies finally agreed to transfer eight functions¹⁴ to the Wenzhou Shoe Leather Industry Association, while two functions of the Wenzhou Municipal Science and Technology Bureau and the Wenzhou Finance Bureau failed to be transferred for practical reasons. This transfer was an important step toward improving the cooperative relationship between the local government and business associations.

After 1 year of this pilot program at the Wenzhou Shoe Leather Industry Association, the Wenzhou Municipal Government organized several seminars for department

¹² Interview with a leader of the Wenzhou Shoe Leather Industry Association in July 2015.

¹³ Interview with a leading official of the Wenzhou Municipal Organization Committee Office in July 2015.

¹⁴ The eight functions are the following: analysis and forecast of the industry’s economic operation (*hangyeyingji yunxingfexixiyuce*) from the Wenzhou Economy and Information Committee; appraisal and acceptance of new provincial production plans (*shengjixinchanpinjihuaixiangmu yanshouyujiding*) from the Wenzhou Municipal Science and Technology Bureau; a review of the enterprises’ tax benefits (*qiyeshuishouyouhui*) from the Wenzhou Finance Bureau; a review of position qualifications (*zhichengzigeshenbaocailiaodechushen*) and the organization of training for professional skills (*zuzhizhuanyezhishipeixun*) from the Wenzhou Municipal Human Resources and Social Security Bureau; the issuance of early warning on anti-dumping and international trade barriers (*fanqingxiaoyuguojiamaoyibileyujing*) from the Wenzhou Municipal Commerce Bureau; an investigation of domestic industry damage information (*guoneichanyesunhaixinxidiaocha*) from the Wenzhou Municipal Commerce Bureau; and the review and reporting of the application of famous brand products (*hangyepinpaichanpinshenqing chushenjishangbao*) from the Wenzhou Municipal Bureau of Quality and Technical Supervision.

agencies, business associations, entrepreneurs, and scholars to discuss how to institutionalize the transfer of functions from the government to business associations. In October 2014, the Wenzhou Municipal Government issued its “Notice of the Interim Measures for the Transferring Functions of Wenzhou Municipal Government to Social Organizations.”

Based on the trial experiences of transferring functions to business associations, the Wenzhou government issued a series of documents¹⁵ to expand the practice of transferring government functions to all business associations and other types of social organizations. In 2015, the Wenzhou Federation of Industry and Business issued a document, the “Notice on Implementing the ‘1122’ Expansion Project for Business Associations to Undertake the Government’s Transferring Functions.” The business associations in 11 counties and districts of Wenzhou City were encouraged to accept the transfer of government functions, and the pilot project of the Wenzhou Shoe Leather Industry Association was expanded to 22 key business associations at the Wenzhou municipal level.

By transferring government functions to business associations, the government aimed not only to achieve “limited government” (*youxianzhengfu*) but also to promote business associations to deliver public services. Although the government created opportunities and provided financial support for business associations’ operational autonomy, the transfer of government functions and the government’s financial ties with the social organizations also became a new channel for controlling business associations indirectly [43, 44].

The Party’s Advance: Strengthening the Party Leadership and Control over the Business Associations

Although the decreasing administrative control over business associations has not involved a threat to the party-state so far, the Party has been tightening its independent party system to maintain its political leadership in business associations. Aggressive ways of strengthening the Party’s influence over business associations have included rules that every business association must establish Party branches, appoint a Party branch secretary, learn the thinking behind the Party ideology, let the Party oversee association activities and management decisions, and pay for Party branch activities. The purpose of the above actions by the Party is to reinforce its independent and significant status in managing social organizations. According to a leading official from the Organization Department of the CCP Wenzhou Committee, “after the relaxation of the registration reform, we have to find another method to reach business associations, or they might not listen to the words of the Party in the future.”¹⁶

In Wenzhou City, there are two new divisions for reaching the business associations in the Organization Department of the CCP Wenzhou Committee: the Division of Private Enterprises Party Building and the Division of Social Organizations Party

¹⁵ These documents are as follows: “The General Scheme of Promoting the Work of Governmental Transferring Functions to Social organizations in Wenzhou”, “The Interim Measure of Governmental Transferring Functions to Social Organizations in Wenzhou”, and “The Annual Guidance Catalogue of Governmental Transferring Functions to Social Organizations in Wenzhou between 2014 and 2015”.

¹⁶ Interview with a leading official of the Organization Department of the Wenzhou Municipal Party Committee in November 2015.

Building. The umbrella organization for the industry, the Wenzhou Federation of Industry and Business, was authorized by the Organization Department of the CCP Wenzhou Committee to take active steps to expand the Party organizations' involvement in each business association. One leading official of the Wenzhou Federation of Industry and Commerce stated that "we are required to set up Party cells whenever conditions allow, strengthening the influence of the Party within business associations."¹⁷ By the end of 2014, 119 Party organizations were established in business associations in Wenzhou: one organization is a Party Committee, two are Party General Branches, and 116 are Party Branches, with 843 Party members. Almost every business association in Wenzhou had the Party organization by the end of 2018.

As the umbrella Party General Branch for business association, the Wenzhou Federation of Industry and Business carried out the innovative actions of establishing Party cells, coopting leaders of business associations into Party branches, strengthening the political guidance and activity oversight, and collecting funding to support party activities to gain fundamental influence over business associations in Wenzhou City.

First, each business associate was required to establish its own Party organization or to share one with others. The majority of business associations established their own Party branches, although some business associations with a limited number of Party members (fewer than three) had to combine with others, called union Party branches (*lianhedangzhibu*). A unique Party Committee, with more than 120 Party members, was established in the Wenzhou Metal Industry Association in 2013. More than 80 of these Party members are from member enterprises. The Party committee of the Wenzhou Metal Industry Association also plays a political role in overseeing member enterprises. All business association Party organizations are under the control of the Party Committee of the Wenzhou Federation of Industry and Commerce. In this way, the Federation's Party Committee can oversee all business associations and private enterprises. The purpose of establishing Party cells is significant in that the Party can exert control over business associations to carry out the Party's ideas.

Second, the Party recruits party cell leaders and coopts leaders of business associations into Party branches and/or committees. The Party selectively appoints leaders of business associations as the Party branch secretaries. When business association leaders are not Party members, they are mobilized to join the Party. For instance, 13 deputy presidents and board members from the Leather and Shoe Material Business Associations submitted applications to become candidates for Party membership. Many of the business association leaders who were already Party members were appointed as secretaries of Party branches or committees. As one official said, "this year (in 2016), we have a project titled 'Building the Team of Party Secretaries' to make the leaders of business associations become Party members and the Party members become leaders of business associations (*shuangxiangjinru, jiaocharenzhi*)."¹⁸ The Party members who are not in leading positions in business associations are also required to play active roles in the Party's propaganda and supervision.

Third, the Party is involved in business associations for the purposes of political guidance and activity oversight. The secretary of the Party organization must attend the

¹⁷ Interview with a leading official of the Wenzhou Federation of Industry and Commerce in July 2015.

¹⁸ Interview with the leading official of the Organization Department of the Wenzhou Municipal Party Committee in July 2016.

business association's board meetings to ensure that the business association's activities are politically correct. One leading official of the Organization Department of the CCP Wenzhou Committee noted the following:

The Party activities should not be limited to Party members but involve the daily management of business associations. In other words, the Party must attend the board meetings and take over the discourse power (*huayuquan*) in business associations. Otherwise, this would be a failure of the Party-building work in business associations.¹⁹

Party branches exert control over the substantive tasks of business associations. For example, the Party branches in many associations must check whether the business associations' upcoming activities are politically correct and whether their decisions are in line with the ideological Party line or Party policy during the board meetings. Ultimately, this process has made many business association leaders see this as a wave of a tighter control by the Party. Our interviews with many association leaders revealed some reservations about the extent of control sought by the Party. Two leaders of the business associations joked with each other during our interviews as follows: leader 1 asked, "Does the Party fear that we would organize private entrepreneurs to take collective action against it?", to which Leader 2 replied, "No chance, no way."²⁰

Fourth, the Party life in business associations should foster professionalism. The traditional Party-building methods are monotonous in form and boring in content, taking the form of studying dossiers and writing notes. As a result, the Party life is rigid and hollow. In Wenzhou city, business associations engage with Party life in the professional activities that the Party promotes by "team-building" through training seminars for membership enterprises, which raises the "professionalism" of the associations to serve industry development. The leading official from the Organization Department of the CCP Wenzhou Committee said that "we need use a two-prong strategy in social organizations. One prong strengthens the Party life, and another prong promotes the associations' professional work. The Party life should not be enforced separately from the social organizations' professional activities."²¹ In practice, many business associations organize their professional work in the name of Party building leadership. For example, the Wenzhou logistics industry association organized a two-day training seminar promoting the professional capacity of all courier employees that was mixed with half-day Party education base visits.

Finally, various funds supporting Party activities among business associations ensure the Party's sustainable involvement in business associations. In Wenzhou, 5%–10% of the business associations' professional membership fees support the daily operation of the internal Party organizations. Some Party membership fees also go back to Party branches (approximately 1000–2000 RMB a year per branch) and the Party committee (approximately 10,000 RMB a year per committee). These funds help ensure that Party organizations carry out their Party-assigned activities sustainably. One of these Party

¹⁹ Interview with the leading official of the Organization Department of the Wenzhou Municipal Party Committee in July 2016.

²⁰ Interview with leaders of business associations in Wenzhou in November 2015.

²¹ Interview with the leading official of the Organization Department of the Wenzhou Municipal Party Committee in July 2016.

activities is the volunteer service for society, which also helps create a good image of the Party organizations among the public. For example, the Party branch of the Wenzhou Household Electrical Appliance Industry Association organizes membership enterprises to help citizens repair their TVs, washing machines and microwaves free of charge, and the Party branch of the Wenzhou Cosmetology and Hairdressing Industry Association organizes membership enterprises to offer a free haircutting service for the elderly and the disabled. These services foster community support for the Party as well as the associations.

Many business associations actively embrace the Party-building work, since the Party's advance in business associations brings the positive benefits of political resources to business associations. The Party branches in business associations ensure that the business associations remain close to the Party committee in Wenzhou. Before establishing the Party branches, business associations had to find a local government to voice their interests and demands. This is usually a slow and difficult process, since the government system is a hierarchy where there are multiple tiers and sectors of government. However, the Party branches in business associations are able to connect the association to the local Party committee directly. This is a fast and effective way for business association leaders to access the local Party committee and express their appeals, since the Party committee is at the center of the power structure and supervises government agencies to enforce the administration's tasks. As the Party branch secretary of the Wenzhou Logistics Industry Association said,

We should see the business opportunities in the process of Party building. That means it will become easier for membership enterprises to acquire political resources and voice the industry's concerns through the channel of the Party branch.²²

Because of this strategic agenda, some business associations stand out as models. For instance, the Wenzhou Metal Industry Association organized 73 membership enterprises to lobby the Wenzhou Municipal Government to provide land to construct the 680,000 m² Wenzhou Metal Headquarters Building and the 3,800,000 m² Wenzhou Metal Modern Logistics Center to improve the competitive edge of the industry. The Party committee of the Wenzhou Metal Industry Association acts as the Party agency that supervises the daily activities of the business association and membership enterprises.

Nevertheless, an increasing number of Party branches and Party members also exert negative influence on business associations, pressing them to distribute resources to pursue the Party's propaganda and mobilization agendas. Many business associations in Wenzhou show little interest in Party-building, but they do not reject Party-building efforts, at least not in direct ways. For example, the secretary of one industry association in Wenzhou said that "to be honest, I feel bored doing so much work on Party-building, but I have to execute the Party-building tasks given by the upper-level Party committee, to at least fulfill the basic requirements."²³

²² Interview with the Party branch secretary of the Wenzhou Logistic Industry Association in July 2016.

²³ Interview with the Party branch secretary of the Wenzhou Rui'an Food Industry Association in July 2016.

The relaxation of registration and the transfer of government functions may provide greater functional autonomy for business associations to manage industry development and influence industry policy decisions, but they are very unlikely to generate social change or empower business associations to challenge the party-state's status in Wenzhou. In contrast, business associations have come to rely on Party branches, which in turn stabilize the Party's control. This is not to dismiss the work of business associations or to deny their potential to become future drivers of civil society. Instead, the role of the business associations is, as one business association's leader stated, "[to make] a real effort to improve the professional functions of serving membership enterprises and to boost the whole industry's economy, while retaining loyalty to the party-state."²⁴

Conclusion and Discussion

Ever since the founding of China in 1949, the CCP has been working hard to establish its cells or branches in government agencies, companies, associations and all other organizations. In the past, many people had hoped that such requests from the Party were mostly symbolic and that they would fade away in social organizations as time passed. However, as the Party maintains stability in society, its desire to exert control over the third sector has become even stronger. This article proposed an analytical framework grounded in a party-state-society trichotomy to analyze the politics of the Party, the government, and social organizations in China. By examining local practices in the new era of Xi Jinping, the article explored the party-state's new strategic approach of the administration's retreat and the Party's advance with regard to social organizations. We argue that this strategic approach is a form of compromise, as the party-state adapts to the market economy and changing society, while the Party strengthens its dominating role over social organizations.

Drawing on the case of Wenzhou City, we find that the relaxation of registration rules and revocation of the concept of only one association for each industry at each locality widen the maneuvering space of business associations and that the transfer of government functions to associations gives business associations greater functional autonomy. Reducing administrative control is the party-state's strategy of promoting the dynamic role of the business associations in serving and supporting private enterprises during the recent slowdown of the economy. However, the aggressive steps taken to extend the Party's control over every business association suggest that the Party has retained tight control over business associations to avoid the threat to its legitimate status that is caused by the state administration's retreat from the management of business associations. Thus, business associations rely more heavily on the Party, reinforcing the Party's rule.

This article contributes to the literature on state-society relations in China as follows. First, this article tries to bring back the role of the Party into an analysis of state-society relations in China, where the role of the CCP as the ruling Party takes an additional step forward in controlling social organizations. In the past, the

²⁴ Interview with the leading official of the Wenzhou Glass Business Association in July 2015.

Party's role remained hidden, while the role of the state was visible. In the new era of Xi Jinping, the Party's role has aggressively advanced toward controlling social organizations. Second, this article suggests an analytical framework grounded in a party-state-society trichotomy, which includes the three agents of the Party, the state, and society, rather than just the two elements of the state and society to analyze state-society relations in China. Although some scholars have noted the important involvement of the Party in social organizations [13, 14, 29], they have insufficiently considered the fact that the roles of the Party and the state in social organizations have both significantly changed. The Party is advancing its role in associations to ensure its political domination, whereas the state administration is retreating from its role of regulating associations. This article moves beyond the conventional dichotomy of state-society relations and adds the Party as another key variable to broaden our analytical framework with a trichotomy: a party-state-society relationship, as applied to the case of Wenzhou.

There are several policy implications of the administration's retreat and the party's advance for the management of social organizations. It is debatable whether the advancement of the Party represents an effective reversal of the administrative control reforms by continuing such controls in the form of the Party or whether the advancement indicates a strategic adjustment that has the more modest purpose of protecting the Party against the risk of emerging social organizations in the case of the associations undermining the Party's position. It may be a step forward in a positive direction if the Party does not overplay its hand. Otherwise, the Party could undermine the benefits of the administrative reforms for social organizations. An optimistic interpretation might be that the process will lead to a relaxation of administration control and increase the Party's reliance on appropriate government policies to support social organizations, while a pessimistic interpretation might be that the Party will take over social organizations in a more fundamental way.

The administration's retreat and the party's advance also have broader implications for other areas of social and economic life in China. In the fields of grassroots governance, scholars have observed that the hand of the Party has been brought in while the hand of the government has retreated to practice self-governance in urban and rural communities [10, 36]. On the one hand, the system of self-governance at the community level is encouraged. On the other hand, the Party aggressively penetrates communities and villages by establishing Party committees, increasing the additional personnel quota for Party-building and strengthening the power of the grassroots Party secretary within the decision-making process. In the field of private economic governance, scholars have found that the government opens up formal or informal access routes for private entrepreneurs as a strategic group to take collective actions within the current regime, while private entrepreneurs' political loyalty to the ruling Party is reasserted [3].

All of the above shows that the party-state is not that confident that the government can manage the ongoing governance at the grassroots level. Instead of allowing an autonomous civil society to bloom, the party-state has adjusted its strategy of managing social organizations to reduce administrative restrictions on work in the areas of social services and economic development while intensifying political and ideological control. By keeping the Party at the top of control, the Party's adaptation continues to trump its erosion.

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