

NGO in China:

The third sector in the globalization process and social transformation

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I. What is the 'third sector'?

The 'NGO Forum' during the session of the 1995's 'World Conference on Women' held in Beijing made a big stir. Chinese frequently heard of such words as NGO and the 'third sector' from the media for the first time. Several organizations having appeared in China before which may be regarded to have some nongovernmental colors to a certain extent was connected with the flourishing international NGO movement, which has driven development of such a kind of organizations in China.

Different from most countries, NGO in China is a product of market reform and its corresponding process of social transformation; and it is such a process that has also driven China's access to WTO now. With China's access to WTO, what effects has the international 'NGO's anti-WTO' tide since the 'Seattle Event' brought on NGO movement in China? How should Chinese face with such two kinds of 'globalization' and their contradiction?

A big question is involved before all: what is the third sector? At present, the third sector is also called the 'volunteer sector', 'NGO' or 'NPO'. Someone has it that NGO and NPO these two concepts should be differentiated, but someone else thinks that they are the same. I think that such a kind of nongovernmental and nonprofit organizations could be regarded as a kind of modern social products with certain logic coherence, which is derived after social politics and economy has developed to a certain extent. There exist different opinions on scope and classification of the third sector, including over thirty classes, over fifty classes and so on. Some organizations are counted as the third sector in some countries; but in other countries, they are not.

Modern society needs governmental organizations, which should neither serve as chamberlain of the emperor and operate 'familial nation' on behalf of him nor serve for the private interests of a certain person or group, but should provide public goods, that is, public interest for people through democratic procedure and under the entrustment of citizens. Government exercises administrative powers granted by citizens to acquire resources through taxation in order to keep public order, provide public welfare, and engage in those undertakings externally keeping public interest of citizens such as national defense, diplomacy and etc. While both taxation and administrative operations of government are obligatory, and the difference between 'welfare states' and charitable organization lies in that the former distributes resources, realizes transfer payment and provides public goods by obligatory but not voluntary means. That is to say, government—modern democratic government—is an organization 'providing public interest through obligatory mechanism', which is the 'primary sector' or governmental sector.

Correspondingly, in developed countries, principals of economic activities are business organizations in the market, that is, the 'secondary sector', which is usually called the business sector or profit-making sector. It operates according to free selection, autonomous transaction, contractual consensus and other market principles, and seeks for maximizing self-interest of participants (workers seek for as many wages as possible, and investors seek for as many returns as possible). As a result, we call it an organization 'providing private goods through voluntary mechanism'.

There is also a kind of organizations 'providing public goods through voluntary mechanism', which is just the so-called NGO or NPO. It could be understood that if its difference from obligatory mechanism is emphasized, then it is NGO; but if its non-profitability or public interest is emphasized, then it is NPO. Both of them are corresponding to the governmental sector and business sector. Why is such a sector needed? At present, researchers generally ascribe it to the so-called 'government failure' and 'market failure', especially the so-called 'second kind of government failure and market failure'.

What does the 'second kind of' failure means?

In the first place, government failure usually means functional failure of government in providing private goods, for example, government-operated enterprises not only have little efficiency, but also always result in power 'rent-seeking' and cause corruption. On this account, people appeal for reform and 'resort to market but not the mayor'. Such a kind of 'government failure' is usually called the classic government failure. While market failure usually means failure of market mechanism in providing public goods: because of 'externality' of public goods and inconsistency of return and payment, such dilemmas as 'free-rider' and 'everybody's business is nobody's business' will be brought about if only depending on interest drive. Therefore, it has to 'resort to the mayor but not market' to satisfy the supply of public goods, which is the classic market failure. In a word, market often fails in providing public goods, while government often fails in providing private goods. On this account, it has become a common understanding that public interest depends on government, while private interest depends on market. In such a meaning, government failure and market failure could be solved reciprocally, that is, market can cast its failure on government, while government can cast its failure on market; in this way, there shows no need for the 'third kind of' organizations.

However, along with problems are arising in such two kinds of selection as modern democratic welfare states and free market system and cognition of people is deepening, the 'second kind of market failure' and the 'second kind of government failure' is also brought forward. The So-called second kind of market failure means that market may not only fail in providing public goods, but also have certain functions defects in providing private goods. For example, mainly because of information asymmetry in the market economic conditions, consumers have no ways to effectively identify quality of commodity, then protection of the consumers' interests becomes a problem unsolvable if only depending on market exchange; as a result, such a kind of organizations as 'consumers' association' are needed; that is to say, there may also appear failure sometimes when only depending on market to provide private goods. On the other hand, government may fail not

only in undertaking production of competitive private goods, but also in public affairs. For example, according to some findings of the day, social policies of a democratic government always have a certain kind of ‘meso-position orientation’; and acting as a mandatary of electors, it always represents interests of most electors, but can not well satisfy the demands of those most disadvantaged groups and other special groups in the society. Therefore, there always exist many vacancies in public services provided by government, such as protection of women, children, the handicapped, the destitute and etc., whereas interests of these people are also in dire need of care. Meanwhile, someone else regards that even for those services able to be provided by government, there also exists a cost efficiency problem. Acting as an employee institution, all the governments, no matter in what natures, have weak points of bureaucratic organizations and high operating cost, and it is easy to give rise to waste and red tapism. Therefore, intervention of other kinds of public organizations is needed, which take forms of voluntary services, have special ardors but not icily ‘do official business according to official principles’, and also have a cost lower than that of government. And someone else also pointed out, society should also have idealistic and avant-garde ‘experimental demands’ besides maintaining the supply of general public goods, while a market organization (enterprise), which has intent on nothing but profit, will not do such kinds of profitless things, while it may give rise to dangerous Utopian calamities if government organizations make ‘social experiments’ by means of obligatory mechanism; therefore, volunteer organizations become proper means of such kinds of experiments. The society will benefit from successful experiments but not suffer from failing ones.

In this way, society needs the so-called third sector, that is, NGO or NPO ‘providing public interest through willingness’. In developed countries, it appeared only after the modern primary sector and secondary sector have got well and full developed and failure of these two sectors has fully acquitted themselves, which may be called a ‘post-modern’ phenomenon. Its occurrence is inseparable from two popular modes of crises in developed countries, that is, the so-called market system crisis initiated by the Great Depression in 1930s and the so-called Keynesianism and welfare state crisis after 1970s, and these two kinds of crises has promoted people to seek for a new kind of mechanism. A ‘third way’ orientation different from the ‘free market or welfare state’ appeared in the domain of state—politics, while the third sector emerged as the times require in the domain of social life. It can be seen that its logic premise is just the market failure and government failure in modern society—here such a word as ‘modern’ is emphasized to indicate that it is failure of a modern democratic welfare state, or failure of a orderly competitive fair market. However, what will happen before society has formed the standard primary sector and secondary sector?

Then the ‘fourth sector’ (in English, ‘sector’ takes the same form with ‘sector’ in mathematics, therefore it may also refer to the ‘fourth sector’) providing private goods through obligatory mechanism should be mentioned. No one will mention such a sector in the modern third sector theory, because such a problem has been solved by modern democratic states. In democratic system, obligatory mechanism authorized by the general public can only be used for public interest; while in a standardized market ruled by law, private goods can only be acquired through autonomous transaction. Under whichever circumstances, obligatory mechanism cannot be used for private interest in principle.

But as far as non-modern countries are concerned, it is a big problem. On the condition of lacking democracy, unrestricted governmental obligatory mechanism is not only used for public interest. Administrative powers always become providers of private interest and clique interest but not those of public interest—public goods in traditional autocratic system. The so-called ‘familial nation’ in ancient times is just such a meaning. For example, Liu Bang was originally a lounge lizard, his father cried shame on him ‘shilly-shally as you are all the day, what a big estate has your brother earned!’ Later on, Liu Bang became the emperor, sent for his father to Chang'an and said proudly, ‘isn't my estate bigger than my brother's?’ Since all the country was his private estate, unrestricted powers became an instrument used for providing private goods. An emperor of the former Shuguo named Wang Jian ever said, ‘carry a sword, and change family into country.’ An ideologist named Huang Zongxi in late Ming Dynasty also said in an autocratic monarchy, ‘all the country is like estate, and all people can acquire and privatize.’ All of these tell such a thing that obligatory mechanism provides private interest.

On the other hand, ‘market’ of the day lacked law-ruled foundation for freedom of contract and fair dealings and prevailed the Marx's rule that ‘power makes game of property’, and such phenomena as power monopoly, oppressing the fellow of same trade and relying on power to take away by force were not rare. Just as said in a poem of Bai Juyi *an old man selling charcoal*, ‘a cartful of charcoal weights more than a thousand jin, an emissary has no pity on it at all. Half a piece of red yarn and ten chi of ghatpot is tied on the head of the cattle to serve as payment for charcoal’. Such a ‘market’ provided private goods far more than only through free dealings and formed a place of abusing power for personal gain and ‘rent-seeking’ & demanding of tribute to a great extent.

All in all, in the undeveloped status of modern democracy and modern market system having not formed, obligatory means can only be used for providing private goods but not public interest (therefore, government of the day had not formed the ‘primary sector’), and private goods can also be acquired through powers but not free dealings (therefore ‘market’ of the day had not formed the ‘secondary sector’). Integration of these two is just the ‘fourth’ sector in the diagram above, that is, such a kind of traditional autocratic system with government and enterprise inseparable—a mechanism ‘providing private interest through obligatory mechanism’. While the so-called modernization process is just to eliminate this ‘fourth sector’, that is, on one hand, make obligatory mechanism only used for providing public goods and change ‘familial nation’ into ‘communal nation’ through the democratization process so as to form the primary sector—modern governmental organization; on the other hand process of general adoption of the market principle makes private goods only provided through free dealings and the ‘old man selling charcoal’ changed into a free trader so as to form the secondary sector—modern business organization. Only after both of these two have come into being, will ‘the third sector’ be able to have a real social foundation. By that time, those problems unsolvable by both the primary and secondary sectors can seek for solutions through the third sector.

It is obvious that the third sector is a brand new form of organizations different from traditional models, which was called post-modern nation-state ‘global corporation revolution’ by an American

scholar named Salamon. It is said that industrialization development model requires development of nation-state, while post-industrial sustainable development model requires development of the transnational third sector organizations. Although generally conservative scholars think that it should complement and interact with the primary and secondary sectors, but not challenge these two sectors even try to take the place of them. But beyond all doubt, for those most radical third sector activists, it is understandable that such a kind of organizations, which are regarded able to solve the 'government failure' and 'market failure', are developed into attempt to challenge modern democratic government and modern market mechanism in practice. Especially on the condition that traditional socialism failed, social democratic system in the style of welfare states also increasingly appeared maladies, traditional Left Movement slumped into a low tide and there really existed many a defects in realistic capitalistic system which acted as mainstream modernity, the contemporary international third sector movement has the obvious tendency of developing into 'Alien Left' Movement. In recent two years, in the international 'NGO's anti- WTO' movement, on one hand, international NGO shows its impact on modern nation-state system by means of its 'boundless' movement and conflicts with host governments of convention; on the other hand, it shows its resistance against modern market order by an attitude of radically opposing WTO, IMF, WB and other indicators of market economic globalization.

II. 'Two kinds of globalization' which opposes each other but also complements each other

At present, the international third sector movement is fundamentally integration of two kinds of organizations: one kind is member interest-keeping organizations, for example various trade organizations, such as labor unions, peasant associations, guilds, chambers of commerce and so on, and various community organizations, consumers' organizations and etc. Such a kind of organizations have a long history, which appeared early in the historical period when people did not know what is the third sector. As far as individuals having devoted themselves into labor union movement are concerned, welfare striven for by labor unions is external (different from those employed by enterprises and able to work to earn money for themselves), that is, has the nature of public interest. But as far as worker groups or member groups are concerned, such a kind of interest is also internal, and therefore they are not pure public interest organizations. Generally speaking, such a kind of voluntary tongs are the historic origin of the modern third sector, and are also an important component of the third sector in broad sense now. But the modern third sector could not be constituted only with such a kind of organizations.

Another kind is pure public interest volunteer organization, which is called non-member voluntary public interest organization by some scholars. The so-called 'non-member' does not mean that there are no members, but mean that its targets pursued or public goods provided are not enjoyed only by its members internally, but public interest in a more broad sense. Examples in this aspect include environment protection organizations, human rights organizations, woman rights and interests protection organizations, ethnic minorities rights and interests protection organizations, and all types of the poor-supporting, charity, public interest fund, development & promotion and cultural exchange organizations and so on. It could be said that such a kind of organizations are core of the so-called third sector of the day, or in other word, the third sector in the narrow sense. Its emergence is the symbol that the modern third sector movement has really and truly formed,

and also the key to make the aforementioned member interest-keeping organizations have the nature of the third sector movement, though their gross amount of resources may be less than that of resources owned by member organizations.

But whichever kind of the third sector organizations should have a mechanism 'seeking for public interest by willingness', including volunteers' man power service and voluntary public interest fund donation. Although besides that, such a kind of organizations always have elements of impure voluntary resources (such as government funds appropriated indirectly from power system and some salaried employees with exchangeability) and impure public interest purposes (such as member interest-keeping mentioned above); if there is not any mechanism of 'providing public interest through willingness' at all, then they should not be reckoned as third sector organizations.

In this way, it is not hard for us to understand historical background of the 'NGO's anti-WTO'. According to the analysis above, there exists a problem of transition from member interest to non-member interest in NGO itself. From earlier member organizations such as Labor Unions, chambers of commerce and the like, to current ones beyond member interest and for a broader public interest such as for the purposes of environment protection, green & peace and so on, it just follows the direction of the so-called global corporation revolution. But it is indicated by the progress since the Seattle Event that this kind of evolvement is just related to 'market globalization' represented by WTO.

Give the American Labor Union Organizations for an example, which played a very active role in the Seattle Protest. Why would the American Labor Unions make protests against globalization? The most direct reason is that globalization gave rise to transfer of American traditional industries and resulted in unemployment of workers. Labor union organizations of developed countries have always been against capital outflow, because capital outflow of their own countries may not only exacerbate unemployment of workers, but also form the pressure to comparatively push down wages. There are also similar problems in agriculture, protection on which has always been the key of WTO negotiation. In addition, the main problems are not disputes between agricultural great powers like China and developed countries, but internal contradictions among developed countries; and the quarrels between United States and EU for agricultural products export fall in an awful state. Various western non-governmental organizations played a role of exerting pressure in these arguments.

To a certain extent, here what we confront with is neither the so-called contradiction among different countries nor the simple problem of the advantaged vs. the disadvantaged, but the problem of proxy of surplus elements vs. that of rare elements. Owners of surplus elements wish to develop global market so as to knock down degree of surplus through exporting these elements or knock down degree of surplus of the subject element through exporting other elements so as to improve return rate of the element inputted; while owners of rare elements are just to the contrary, and they wish to restrict global market and prevent inflow of external elements, or prevent outflow of other elements of home so as to maintain absolute or relative rarity degree of elements owned and maintain a high return rate of these elements.

Therefore, it is not hard to understand that the American Labor Unions as well as Chinese car and insurance tycoons all worried about disadvantages of WTO to themselves, while American exporters and investors as well as Chinese civilian workers all welcomed opportunities probably brought about by WTO (investment opportunities and employment opportunities). Therefore on appearance, it seems that American workers are consistent with Chinese entrepreneurs in certain kinds of interest, and American entrepreneurs are consistent with labors of developing countries in certain kinds of interest. Such a kind of conflict in the new situation is different from both ethnic conflict and class conflict before, and not the so-called 'uniting proletarians of the whole world'. The American Labor Unions did not consider for Chinese workers in the first place when making protests against Sino-American trade relation.

However, just such a trend of market globalization drives NGO movement to develop towards the direction of non-member interest. In this way, objectors of WTO have to pass beyond the limits of member interest, which just indicates appeal of globalization for public interest. At present, the American Labor Unions make protests against global trade liberalization, the main reason of which is not that it affects employment opportunities of American workers, but that they require a global uniform labor standard, that is to say, require that governments of developing countries should also implement the labor protection standard of developed countries. Hereupon, they pass beyond labor union member interest of home. It should be admitted that the American Labor Unions did not care about labor protection problems of developing countries up to much before. Researchers of the American Labor Unions' history all pointed out that the American Labor Unions have intense tradition of guild exclusionism all through the history, and are hostile to labors newly emigrated and afraid that these low-cost labors may damage negotiation position of local labors. It is also indicated by research of Chinese history that the several tides of anti-Chinese and persecuting Chinese labors in the American history were all driven by the American Labor Unions but not those representing capital (who wish for more low-cost labors rather than otherwise). However, under the status of globalization, though foreign labors can be prevented from flowing in, domestic capital cannot be prevented from flowing out. In other word, in an era of globalization, if only there are still misery 'low-cost labors' in certain places of the world, interests of those 'expensive labors' will be threatened. Since anti-immigrants cannot solve problems, they have to care about conditions of 'low-cost labors' in other countries—in principle, only if they also change others into expensive labors, their own expensive labors can be free from anxiety.

That is to say, **it is WTO mechanism or in other word, free trade mechanism that makes labor problems globalize, and also make the American Labor Unions have to expand target of member interest to public interest target beyond member interest so as to change Labor Union itself from an organization with intense traditional guild colors into an organization with more modern NGO meanings, only in which way could Seattle-style international NGO associated movement become possible. Therefore on a certain view, 'WTO's globalization' seems to oppose each other but actually complements each other with 'NGO's globalization'.** If there is no freedom of trade and investment, the American Labor Unions might well return back again to guild tradition of knowing nothing but push about new immigrants including Chinese labors, and would not consider Chinese unemployment problems or whether labors are protected

at all.

As stated above, western classic modernization process means that the modernized primary sector, that is democratic government, and the modernized secondary sector, that is free enterprise, were generated on the basis of eliminating the 'fourth sector'. Whereat the third sector movement is a 'post-modern' thing to a great extent. However, it is quite another story for China, no matter how opposite are these 'two kinds of globalization' seemingly, it is indispensable for China because without freedom of trade and investment, it is hard for China to construct developed market economy; while without 'NGO's globalization', Chinese are supposed only to act as those 'low-cost labors' which are arbitrarily treated by 'international capital' under the permission of the fourth sector of China. Therefore, the American Labor Unions could hold out the 'NGO's anti-WTO' in Seattle (though without WTO, it is hard to say the American Labor Unions themselves are NGOs), but China has no choice but need both WTO and NGO. These 'two kinds of globalization' is not contrary but complementary for us.

Similar to Labor Unions, other problems such as environment protection are also the same. Although environment protection is a global topic, nation-states as well as individuals have the 'free-rider' problem, since anyone may wish to require environment protection undertakings from the angle of bringing along direct interests for itself, and restrict others but not itself by means of environment protection. Thereupon those great powers like the United States retreated from Kyoto Protocol in the face of the world. Such a kind of action should surely be denounced, but in view of system, it is indicated that there exist disadvantages in the unilateral economic globalization, or in other word, 'market globalization' for a certainty. Therefore corresponding to the three 'sectors', mankind does also need three kinds of globalization: market globalization needs the requisite emergence of democratic globalization and public interest globalization. If WTO is considered as symbol of 'market globalization', reform of UN mechanism on the basis of each nation-state's democratization probably means development of democratic globalization. While public interest globalization, or in other word, the third sector globalization, is also taking shape. The 'Seattle Phenomenon' became the hot spot only by its form of radical anti-WTO, in fact NGO's transnational associated actions had appeared early on, the Global NGO Forum during the session of Chinese well-known 1995's World Conference on Women gave an example, and the '1st World Citizens Assembly' held in France in December 2001 and the 'World Society Forum' held hereafter in Brazil are also important progresses in this respect.

As a matter of fact, various elements in the 'Earth Village' of the day are moving towards 'globalization', which will bring more and more obvious effects on international situations in future. Just like what is indicated by the 9.11 terrorism tragedy, current transnational association of terrorism globalization with the Taliban—al-Qaeda terrorist organization is in fact also an evil challenge in the process of globalization. The convulsion brought by it to the world in future is self-evident.

But generally speaking, the 'NGO's anti-WTO' symbolized by the 'Seattle phenomenon', even other diversified phenomena in the process of globalization should not appear a posture of attempting to replace with each other. Except for the 'terrorist globalization' that should be

eliminated (how to eliminate and whether could be eliminated are quite other problems), diversification of globalization is in fact a normal and complementary phenomenon. Similarly, the 'three sectors' are irreplaceable with each other within the same one country and in the process of globalization. Although extreme liberalists like Nozick try their best to 'minimize' the states and expand applicable fields of free dealings principle as much as possible; but classic social democrats are just to the contrary, who try their best to expand responsibilities of the states and reduce the margin of 'profit-making sectors'; and at present, the so-called NGO romanticists also came out, who wish to replace some functions originally exerted by governments and enterprises with continuously expanding willingness—public interest mechanism. But as a matter of fact, the three sectors are not replaceable with each other, though they demand respective development themselves: the states should become more democratic, market should become fairer, while the third sector should more strengthen its willingness—public interest characteristics.

In reality, process of globalization did not start in today. Since England warship blasted away Humen and Max called on global proletarians to unite together in 1940s, two kinds of opposite globalization made a start on, that is, capitalist and communist globalization. After the end of the Cold War, such an opposition made a pause. But the world would possibly neither realize the 'Great Harmony' nor rebuild the 'iron curtain' to separate each other. We are doom to live in a conflicting and thusly diversified Earth Village, and still face with multiple kinds but not one kind of globalization, mainly global bourgeois society represented by WTO and global civil society shown in NGO transnational actions. However has the cold war given us a lesson, it is impossible for one kind of globalization to 'win over the other one', while internal diversification of bourgeois and civil is also incomparable for capitalist and communist respectively. As a result, interaction between global bourgeois society and global civil society could not also follow the model of capitalist vs. communist. Before long, We proposed the supposition of 'setting up a cooperative, responsible, and diversified world' in the '1st World Citizens Assembly' held in LiLie, France and published *Mankind Responsibility Declaration*. In addition to the senior third sector activists and those from each country at different levels, governmental civil servants and successful industrialists in the market from many countries, that is, those from the 'primary and secondary sectors', participated in this assembly. In the assembly, the author expressed his belief in his speech that LiLie assembly was not only a milestone of NGO transnational action and global civil society establishment, but also a milestone of new interactive means formed among different kinds of globalization.

III. The third sector after China's access to WTO

As a 'post-modern' phenomenon, the third sector has exerted or will exert certain effects immeasurable now in social, economic or political fields of developed countries. For example, in the west, there were some persons in both left and right ideological fields to propose the so-called opinions of 'disappearance of job' or 'disappearance of labor'. It is said that development of emerging industries makes traditional industries suffer a big impact and appear the so-called 'structural unemployment'. They think that the traditional welfare state system is inadvisable when confronting with such a new kind of crisis. The way for the traditional welfare state system to solve such a problem is to hand over the original workload of three persons to five persons. But

these aforementioned persons think that such a kind of practice is neither beneficial for development of enterprises nor that of individuals, since it strangles aggressive spirit of individuals. As a result, they think that it is inadvisable to artificially enlarge employment within the enterprises by means of governmental intervention. Then what? They suggest a new type of employment should be adopted to solve such a problem, that is, supplement even (someone thinks it possible) gradually replace 'profit-making employment' with 'public interest-making employment'. If employment of the secondary sectors is transferred into the third sector, nature of employment will also be changed from employment-type 'labor' to willingness-type 'service'. But in these years, 'public interest-making employment' has actually taken shape in many developed countries and occupied a bigger and bigger proportion. Some scholars think that with development of the third sector, nature of society will also change, but foreground of such changes is still hard to predict now.

But all of these are concerning NGO movement of developed countries. Then what about developing countries including China? According to my definition above, it could be said that both Chinese primary and secondary sectors are in the course of formation, that is to say, modern democratic states and standardized market are also in the course of formation. During the similar period, that is, in the eighteenth and nineteenth century, the west did not appear the third sector movement when carrying on political democratization and generally adopting the market principle in economy. In the society of the day, the main problem is still to set up the primary and secondary sectors, that is, take the attempt at eliminating the 'fourth sector' as the target, make obligatory power only able to be used to provide public goods, and private goods only able to be provided through voluntary exchange mechanism, and restrict infiltration of powers. At that time, there did not emerge the third sector at all.

While many developing countries are quite different, they had appeared the third sector movement before the primary and secondary sectors have been totally formed yet. The main reasons are as follows: first, the general modernization also includes the third kind of modernization besides that of 'government and enterprise'. In medieval times, in addition to 'traditional government' and 'traditional profit-making organization' both located in the 'fourth sector', there are also churches, clans, guilds and other traditional social organizations, as a result, there exists a problem of the 'third kind of modernization'. Its functions in the modernization process of the Occident are not obvious, but NGO movement of developing countries is always affected by the third sector movement of advanced countries. Next, although developing countries are still facing with the problem of modernization, it has not been pure modernization; the time when it came forth makes it accompanied with modern and post-modern these two meanings. Give such a problem widely focused by the world as sustainable development for an example, developed countries were originally not aware of this problem and took a road of polluting first and harnessing then, but developing countries could not and should not pollute first and harness then. Therefore, developing countries will face with modern and post-modern these dual challenges at the same time.

But comparing NGO movement of developing countries with that of developed countries, there still exists difference in function, dynamic force and direction. Although the international third

sector movement is in the ascendant, it could not cover up its crises. Someone generalizes such crises as 'willingness failure' (comparing with government failure and market failure), or in other word, 'insufficiency of charity', that is, whether the third sector is able to gather up sufficient resources only through voluntary approach. As I know, at present, there generally exist resource crises in the third sector of each country; one is labor crisis, and the other is financial crisis. As we know, work of the 'classic' third sector is gratuitous, but in reality, it is not possible for sizable organizations to operate only depending on volunteer workers, thereupon there appear many salaried volunteers. Certainly, their salary should be only enough to maintain a decent life and very little comparing with their efforts. But for the sources of fund, donation and bequest are also far less than enough and so it depends on assistance of government to a certain extent, that is, those resources depending on obligatory mechanism but not voluntary gatherings, and it also carries on some profit-making activities and adopts operating behaviors as supplement because of insufficient resources. But whether could it keep to its independence of 'non-government' after accepting the assistance of government? With operating behaviors, how could it keep public interest of 'non-profit'? Whether it can overcome these two big crises is related to prospects of the third sector in future.

In developed countries, comparatively, it seems that free market states are more filled with voluntary resources than welfare states (voluntary workers and donation). Maybe those owning sufficient freedom and sufficient right are easier to bring about sense of social responsibility, and as a rule, the freer the system, the more the voluntary resource. For example, there are more than thirty percent of resources of the American third sector coming from willingness, while in welfare states of North Europe, since people depend on government from cradle to grave, society lacks initiative, there are always few voluntary resources, the resources of their third sectors coming from assistance of governments account for eighty or ninety percent of all their resources occupied. But it is regarded that no matter depending on assistance of government or on profit-making activities, both will make the third sector produce crisis of independence. With respect to it, there is still no perfect solution as yet.

Then, what about developing countries? Someone abroad pointed out: look China, government seldom or almost do not assist NGO movement, but rate of dependency on voluntary resources by such organizations as the China Youth Development Foundation, China Charity Federation and so on is far higher than that of the Occident. It could be found that problem of the third sector's independence could be solved better in China!

It is surely nonsense without acquaintance with the practical situations. In fact, just for the reason that the primary and primary sectors have not realize modernization themselves, all the three sectors have not gotten out of control of the 'fourth sector', and government will be justified in rigorously controlling its actions without giving any assistance to the third sector. (Or in other word, there is still not any real 'NGO' in China now, just as there is still no real democratic government and standardized market, and only the fourth sector organizations including these elements and falling in the course of differentiation) therefore as far as current situations of China are concerned, such a status that government may affect independence of the third sector only through granting assistance is already too ideal! Keep a tight rein on you even without giving you

a cent. How could the Occidental understand this?!

Therefore, 'crisis of the third sector's independence' is not the same concept in China as in the Occident at all. The so-called problem of independence confronted by us is in fact still how to get away from the 'fourth sector'. In addition to the third sector, the primary and secondary sectors also have such a problem. But, the Occident did not have such a problem at all, and naturally, researchers of their third sector could not provide us with solutions to such a problem. In other word, their 'insufficiency of willingness' is a problem of 'post-modern', while our 'insufficiency of independence' is a problem of how to realize modernization.

Similarly, our so-called functions of the 'third kind of modernization' do not mainly mean post-modern function of the Occidental developed countries, but promote the generation and development of civil autonomous consciousness through development of the third sector and form supplement with the primary and secondary sectors. Therefore, reform of these three sectors is consistent in essence here, that is, political democratization, general adoption of the market principle in economy and social autonomization is a Trinitarian course. Say our third sector have to overcome the aforementioned 'government failure' and 'market failure' rather than say it promotes the generation and development of democracy and market; and it exerts function under the notion of 'democratic states effectiveness' and 'law-ruled market effectiveness', but not under the 'failure' status of both the latter two.

Therefore those things happened in Seattle, Genoa, Prague, Bangkok and other places should not be simply applied in situations of China, what is confronted by China now is still not the 'Autumn of Prague', but the 'Spring of Prague'. Under the current conditions of China, development of the third sector and introduction of WTO rules is not two opposite trends, but a complementary and accelerative relation.

Generally speaking, under the developed market condition of the West, labor, capital and other resources are all adjusted by market, while functions of the third sector are focusing on disadvantage of such an adjustment, that is, 'market failure'. But in China, development of the primary and secondary sectors will be just benefited from development of the third sector, and so 'market effectiveness' should take development of NGO as precondition.

Give the so-called problem of 'labor flowing in from the east and capital flowing in from the west' in current China for an example, capital of Taiwan has flown into Dongguan district, Guangdong in large amounts now and appeared a status of totally taking up Taiwan electronic industry but still underutilizing. In recent years, its economy has realized a supernormal growth and GDP has doubled and doubled in such a short period, but what coexists with rapid development of economy is stagnant growth of its labors' wages. According to statistics, Dongguan has a population of 1.5 million household registers, but four million migrant labors. According to principles of classic economics, when capital of a district accumulates too much, wages of workers will rise; and when wages of workers rise, capitalists will find ways to look for lower-cost labors, which will result in transfer of capital and formation of the pattern of entering the inland step by step. But situations of Dongguan are not as such, here investment is increasingly intensive, but labors are still at a low

cost, so capital is not willing to 'go west'. A popular explanation is that such a kind of disadvantage is caused by too much freedom of market, because continuous inflow of low-cost labors has pushed the level of local wages down to level of 'market equilibrium'.

It is nice that such an explanation could simultaneously cater for two different positions: local officials may think that since it is rule of market economy, low wage and poor treatment of civilian workers is deserved and for all they care. While the leftists accuse market economy of its inhumanity by such a reason instead, require rebuilding barrier, cut off the road of the low-cost labors' going east, prohibit labor market from opening, and restrict western peasants' working in the east; and it is said that it not only accords with morality and justice, but also may impel capital's going west.

It is in fact pointless, if labors go east, capital will not go west, and then it is also the same between the poor places and the rich places in the east and the west; if persons of the poor counties are willing to work in the rich counties, capital of the rich counties will not invest in the poor counties; and the like, it should also be the same between the poor townships and the rich townships, and the poor villages and the rich villages. If deducing by analogy, it is afraid that only the serfdom with complete non-flowing labors gives the best fit to the investment equilibrium principle.

In fact, 'market equilibrium wages' could not explain such an abnormal phenomenon as treatment of migrant laborers in Dongguan at all, and the reason is simple: real market equilibrium mechanism should treat equally without discrimination. If labors are too intensive, wages will be knocked down; and if capital is too intensive, wages will be driven up; both these two kinds of elements exist in Dongguan, in recent years speed of capital's (e.g. capital of Taiwan electronic industry) flowing into Dongguan is at least not lower than that of labor import, and on the whole, allocation proportion of labor and capital elements should not always be changed unfavorable for the labors. In reality, wages of the natives in Dongguan did also keep a rapid growth synchronously with economy even an antecedent growth. Is it really 'market equilibrium'? As mentioned earlier, in the past the American Labor Unions excluded migrant laborers before globalization had taken shape, because inflow of the latter would probably knock down the level of local workers' wages, which is just disadvantage of 'market equilibrium'—there are surely disadvantages in market mechanism, which is undoubted.

But Dongguan is just to the contrary at present, and the natives do not consider those migrant labors constituting a threat to them. They earn a high income themselves, and cope with those migrant labors without any organization resources and negotiation ability by virtue of identity barrier together with those representing capital. It could be said that such a kind of treatment's twist has no relation with market equilibrium, but mainly is not a market equilibrium phenomenon. Migrant labors are totally in a state of disunity in Dongguan, and there are only chambers of commerce (in addition to chamber of commerce and industry run by the government, such strict autonomous chambers of commerce organization as association of Taiwan merchants and the like have a great power there), but no labor unions (there is even no nominal labor union run by the government for migrant labors) there. The government undertakes a certain responsibility for local

domiciles, gives a full support to those representing capital (introduction of foreign capital to promote growth is closely related to achievement in their posts), but only resorts to conscience for migrant labors. Those migrant labors face with such a Trinitarian situation as power (government) — money (those representing capital) — identity (local domicile), where is the room to bargain for! It is so far from being explained by ‘oversupply’ of labors. It could be said that wages of local migrant labors are lower than levels of market equilibrium, while those of the natives are higher than such levels. It does not exactly accord with the rules of market economy.

And such a kind of phenomenon is just caused by underdevelopment of the third sector. If NGOs are active, disadvantaged groups such as migrant labors could unite into member organizations so as to build up negotiation ability, in addition to those public interest organizations in the society to protect their rights and interests, each side bargains and forms real ‘market equilibrium’ exclusive of ultra-economic elements and under the conditions of civil equal rights, and wages of those migrant labors will be much higher—at least the gap from the natives will be shortened greatly. While dynamic force of capital's going west so as to seek for lower ‘market equilibrium wages’ will be also much greater. In practice, it is such a mechanism that makes the aforementioned kind of the logic that ‘only with serfdom could investment equilibrium be realized’ will not establish, flowing freely into capital intensive regions of the developed countries’ labors will not obstruct flowing of capital into labor intensive regions. Only in this way, China is able to realize the elements allocation optimization procedure of ‘labors’ going east’ and ‘capital’s going west’ on the basis of market mechanism and in combination with guidance of regulations and control policies of the state.

It is obvious that development of the third sector and establishment of market economy is not opposite but accelerative each other in China now. In planned economic ages, there is neither market mechanism nor NGO or NPO at all in China. It is the progress of market economy that makes ‘separating government from enterprise’ and also growth of the third sector elements besides governments and enterprises appear in China. Conversely, as shown in the analysis above, development of the third sector in China will not obstruct but promote development of market mechanism. In reality, healthy development of both market economy and the third sector in China is to eliminate the ‘fourth sector’ in the first place and take this as the basis. Therefore their acceleration with each other is a matter of course. In those developed countries where the fourth sector problem has disappeared already, even on the stage of globalization led by developed countries, disadvantage of ‘unilateral adoption of the market principles’ and capital globalization results in conflicts between the global third sector movement and market globalization, which is just what we have seen in Seattle and in the 2000’s ‘Autumn of Prague’ when democratization and market transformation had been completed. Without question, the third sector of China should also have its own voice on those stages. But just as what is indicated by the 1968’s ‘Spring of Prague’, the third sector movement of the former planned economic states supplements each other with political democratization and general adoption of the market principles in economy. It is self-evident for the Czech that if there had not been the 1968’s ‘Spring of Prague’, it is not possible to imagine that there would be the 2000’s ‘Autumn of Prague’. We should also not forget such a point when promoting the third sector undertakings.

In conclusion, under such three conditions with overlapped background of modernization, globalization and social transformation, on one hand the third sector movement in China is certainly a component of 'global corporation revolution', therefore it needs to interact with the international NGO mainstream, soak up nutrition in such a mainstream, meanwhile assume responsibilities and make its own sound. But on the other hand, as a developing country, it will also face with task of modernization, and have to interact with modernization of the primary and secondary sectors; as a transforming country, it should first break away from restriction of the 'fourth sector'; and especially as a transforming country with a laggard democratization, its establishment of civil society is still at the stage of the 'Spring of Prague' to a great extent, but not at the stage of the 'Autumn of Prague', which makes development of the third sector in China have to show obvious characteristics.