DIVERSIFYING WELFARE RESPONSIBILITIES AND MOBILIZING THE VOLUNTARY AND NON-PROFIT SECTOR: Comparative Analysis of China and Japan

KANDA Fumi

Abstract

The primary purpose of this paper is to investigate the differences and similarities in diversifying welfare responsibilities and mobilizing the voluntary and non-profit sector in China and Japan. To achieve the objective, the study attempts to demonstrate socio-economic and political factors that are significant in explaining the changes and varieties of social policy reforms in the two countries. The discussion is divided into five sections. Following an introductory section, the second and third sections review the existing literature and clarify the official definitions of voluntary and non-profit organization (VNPO) in both countries, with an intention of drawing a clear image of the current and general landscape of the sectors. Section Four analyzes the experience of the Japanese welfare restructuring and Chinese social reforms since the 1980s in order to shed light on the rise of the VNPO sector and the changing relationship between the state and the society. Subsequently, Section Five attempts to distinguish differences and similarities in transferring welfare responsibilities and utilizing VNPOs in China and Japan. Finally, this paper concludes that the VNPO sector in the two countries has emerged through different contexts and developed within different institutional structures and backgrounds. In addition to such differences, each country has adopted a diversity policy of using voluntary and non-profit providers based on their unique characteristics of state-society relations.

Key words: Voluntary and non-profit organization (VNPO), non-governmental organization (NGO), non-profit organization (NPO), civil society, aging population, societalization of social welfare.

I. Introduction

Over the past two decades there have been dramatic welfare developments and social policy reforms in East Asia, along with socio-economic and political transformations. In particular, the region’s two most influential countries, the People’s Republic of China and Japan, despite their different political systems and administrative structures, are undergoing a
similar transformation. Societal and demographic shifts such as the aging of populations, women’s strengthening socio-economic position, changes in family structure and emergence of urban and rural poverty and inequality have caused unpredictable and negative consequences for both societies. An outcome of this change has been a re-evaluation of the relationship between the state, society and the individual. This is partly an effect of the influence of globalization on national cultures and the convergence of social and economic systems; it also reflects the changing nature of society itself.

As a consequence of these transformations, the traditional political institutions of China and Japan have faced a range of common challenges. However, the dominant institutional structures and administrative systems lack the flexibility to deal with numerous social needs arising in contemporary societies. This paper argues that such flexibility can potentially be provided by voluntary and non-profit organizations (VNPOs), since the VNPO sector is capable of offering public services responsive to local needs, providing voice and advocacy for disadvantaged and marginal groups, and playing a central role in meaning political or economic reform of the current state. For a society with changing family structures and an aging population, the development of VNPOs can be regarded as a bridge to fulfill the role of missing family or welfare care of elderly and children.

In fact, the importance of the third sector and civil society has grown steadily among Western Europe countries and the U.S since 1980s. The third sector is often known as the voluntary and community sector in the United Kingdom. The sector has experienced rapid growth during the last decades, since the UK government has provided fewer social services. In the United States, non-profit organizations (NPOs) are normally recognized as any organization whose purpose is one of described in §501 (c) (3) of the Internal Revenue Code. They have engaged with a wide range of projects that are related to art, science, technology, education, health, community improvement, culture and the environment.

Since Salamon and Anheier (1996/1997) pointed out the emergence and important role of the VNPO sector by generating a systematic analysis of comparative data, the sector has emerged and expanded as the focus of much attention to the active non-governmental organizations (NGOs) and non-profit organizations (NPOs) and well-developed civil society in both Chinese and Japanese societies. On March 1998, the ‘Law to Promote Specified Non-profit Activities’ (NPO Law) was established in Japan, for the purpose of strengthening the infrastructure of NPOs with particular reference given to developments after the Hanshin Awaji Earthquake in January, 1995. Coincidentally, in the same year, Tsinghua University’s NGO Research Center (NGORC) was founded in October, 1998 as the first research center on NGOs in China. The center aims to provide training programs for managers in NGOs, to promote research on Chinese NGOs, and to contribute to related public policy and the capacity in NGOs and civil society. The two different events suggest that NGOs/NPOs have gradually been conceptualized and recognized by the public and media in each society.

This paper aims to investigate the differences and similarities in diversifying welfare responsibilities and mobilizing the VNPO sector in China and Japan. A central theme of this paper is how the VNPO sector is constituted and located in different contexts of society and how it relates to the government. This study proposes that the sector’s contributions can be explained from a comparative perspective by asking: Can the differences in how the government of China and Japan diversify welfare responsibilities and
mobilize non-profit actors be explained by their different welfare arrangements and their particular state-society relations?

The paper begins by reviewing the existing literature and examining the current situation of what is often referred to as VNPOs in each society. Subsequently, this paper attempts to demonstrate socio-economic and political factors that are significant in explaining the changes and varieties of social policy reforms in China and Japan. The paper argues that the rise of the VNPO sector since the social policy reforms of the 1980s in both countries has emerged through different contexts and developed within different institutional structures. In addition to such differences, each country has adopted a diversity policy of using voluntary and non-profit providers of public services based on their unique characteristics of state-society relations. The research compares the developmental process of the sector in each country by regarding its overall structure as based on policy choices made by the respective governments.

This study is a contribution to the comparative research on welfare state development and voluntary sector growth, scope and composition. Its aim is to contribute both to an increased theoretical and empirical understanding of the role of VNPOs in different contexts, and to the varied and changing interrelationships between government and the VNPO sector in different countries. This paper also contributes a conceptual analysis to the existing literature on comparative social policy research, by looking at the differences and identifying the situation and problems in each country.

II. A Review of the Literature

1. Review of Existing Literature in the Social Welfare Research

Theoretical and empirical research on the role of VNPOs has been nearly absent in the extensive literature on the historical development of welfare states. However, the relatively few, but an increasing number of research on voluntary organizations have widely been accepted by current research on welfare state development. Nevertheless, there is a major challenge that must be addressed to highlight the gap of the relevant literature.

Except the remarkable comprehensive research report of the Johns Hopkins Comparative Non-profit Sector Project (JHCNSP) directed by Salamon, there are only few challenges of conducting comparative studies on cross-national VNPO sectors (see for example Salamon and Sokolowski, 1999/2004). In most cases, however, such forms of study are mainly composed of collective country chapters and descriptive case studies in numerous societies. It lacks coherence and a common theoretical foundation for the comparison, thus, the main focus only remains within individual chapters discussing each particular country. Therefore, it is hard to say that research style with detailed descriptions of the national institutions and systems is systematic and analytical comparative research (Clasen, 2004).

In addition to this issue, most of the existing literature concerning comparative non-profit sector have focused on Western Europe countries and the U.S rather than on East Asia. It is true that most comparative social policy and welfare research pay more attention to the advanced societies and developed countries rather than on developing countries. A good example is welfare regime
theory, which has attempted to exclusively involve members of the OECD, so that exclude large parts of the world, many developing countries and a number of developed Asian Pacific societies. Although an increasing number of comparative studies have been carried out recently, especially on the five East Asian developed welfare societies (Japan, South Korea, Taiwan, Singapore, and Hong Kong), in particular, China has often been excluded from recent research due to its complex political and social systems. Neither academic researchers nor government agencies have conducted in-depth comparative studies of social policy in both China and Japan. Moreover, in some comparative studies, Japan has been regarded as one of a ‘unique’ or ‘exceptional’ category, because Japan does not fit comfortably with Western models (Kasza, 2006).

While JHCNSP has published a series of reports on NPOs/NGOs around the world, the focus still remains on a detailed introduction to each organization without including China. Dekker and Halman (2003) have also demonstrated the diversity of volunteering using empirical evidence from various countries all over the world, but China is not included within their analysis. Instead, the cross-national research conducted by Shigetomi (2001) pays great attention to the role of Chinese NGOs in a comparative perspective. However, its main focus is on the institutional description of management and registration of government-sponsored environmental NGOs in China. In contrast to the sector’s growth in public discourse, there is comparatively little written about voluntary organizations and their role in relation to Japanese social policy (Osborne, 2003; Pekkanen, 2000). Furthermore, there is only little English literature on the Japanese voluntary policies and few discussions about the sector. In order to fill such descriptive gaps in the existing literature, hence this paper aims to conduct a comparative research of the process of developing the VNPO sector in China and Japan.

2. Globalization and the Changing Face of Welfare States

In the modern world, the linkage between globalization and the welfare state is the central key in examining socio-political phenomena. A large amount of literature upon the impacts of globalization on social provision has paid closer attention to the debates of the welfare state and social policy. There has been a large quantity of debates regarding the impacts of globalization on welfare state, namely government expenditure and social programmes of welfare (see for example Deacon et al., 1997; Pierson, 1998; Mishra, 1999; Deacon, 2007; Yeates, 2008; Hudson and Lowe, 2009). In particular, most current debates refer to globalization as an influential phenomenon, which generates a threat to the main structure of national welfare states (Deacon, 2007). Some researchers maintain that the process of globalization has weakened the function and the role of nation-state, and shrunken the capability of national governments. On the other hand, others argue that globalization and complex webs of interaction among the state have reduced the scale of national state (Hudson and Lowe, 2009).

The seminal work is Deacon et al.’s (1997) account of ‘global social policy’. They point out that numerous supranational organizations have partially influenced social welfare of a country. For instance, the World Bank has promoted the Chilean pension scheme, and the OECD has been a main investor for human capital. Moreover, the idea of neo-liberal global capitalism has been promoted as the key agenda by the World Bank and the IMF. That is to say, social and environmental issues have been essential common agendas at international conferences (Deacon et
Therefore, it is useful to ask: whether the growing economic competition and global governance will threaten existing welfare states; and what the implications of international and global dimensions for the study of welfare state and social policy are.

The whole welfare state system now is facing dramatic transformations and challenges. Plenty of arguments have been provoked regarding the changing face of welfare states (for example see Pierson, 2001; Powell and Hewitt, 2002; Clasen and Siegel, 2008). It has become increasingly common to argue that the social consensus of Keynesian macro-economic management has lost its explanatory power. Instead, in the new era of a globalized world, a neoliberal agenda has been central in emphasizing deregulation, privatization and the efficiency of the ‘free market and trade’, aiming to limit the autonomy of nation states (Jessop, 2004).

As a consequence of this ideological shift, policy researchers are paying greater attention to the changing roles of the government and transnational factors in policy-making (Yeates, 2008; Hudson and Lowe, 2009). Jessop (2004) argues that the concept of nation-state has been hollowing out since the 1980s. According to his argument, several significant factors can be considered to contribute to the declining power of the nation-state: (1) the emergence of global capitalism; (2) transnational problems; (3) the increasing influence of identity politics and social movements surrounding the transnational issues; (4) new forms of terrorism and the fragmentation of the welfare network (Jessop, 2004: 11). Hence, he concludes that the political-social transformation which states are undertaking is a transition ‘from state-based government to network-based governance’ (see for example Pierre and Peters, 2000; Chhotray and Stoker, 2009). Following his sense, therefore, it can be concluded that the ongoing global transformation has raised fundamental questions with respect to the role of welfare states. Moreover, this change has caused significant shifts in the current research paradigms relating to welfare states and social policies.

Indeed, many developed countries are forced to deal with a number of complex social issues, such as higher rate of unemployment, increasing inequalities, the growing demands of an aging population and declining fertility rates. Esping-Andersen (1996: 2) points out that there has also been ‘welfare state failure’: welfare states have been unable to cope with new kinds of risks and needs. As Esping-Andersen (1996: 6-7) has indicated, changes taking place within the family structure and workplace and in people’s lifestyles pose two key challenges to advanced welfare states. First, there has been an increasing dissatisfaction with the welfare state’s failure to manage new demands, such as child care for working mothers, support for non-conventional families, old-age care and so on. Second, the changing surrounding economic environment and demographic conditions have threatened the capability of welfare states. Consequently, welfare states receive less funding and are forced to service more people.

In fact, a number of developed countries, despite their different political systems, are facing or are expecting to face rapidly aging populations and declining birth rates. According to the UN’s World Population Aging report (2009), for instance, the birth-rate of most of the developed countries has declined below the replacement rate, namely, the level of 2.1 children per woman. This ongoing population decline due to low fertility rates will have severe consequences in the near future. Although the global population overall will increase by one-third over the next 40 years, from 6.9 to 9.1 billion (United Nations, 2009), this population growth is a new kind of phenomena.
The rising population will not be driven by birth rates, but primarily by an increase in the number of the elderly. In fact, the world’s population of children under five is expected to drop by 49 million as of mid-century. On the other hand, the number of people over 60 will increase by 1.2 billion (United Nations, 2009). The rising number of elderly people in most OECD countries will, within the next few decades, have a significant impact on the social security systems for pensions, medical insurance and so on. Hence, with the increasing demands for welfare provision, many countries have recently expanded their social welfare spending and welfare programs (see Table 1).


(As a percentage of GDP)

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Source: OECD (2010)
3. Aging Populations: Making Comparison between China and Japan

Along with this global trend of socio-economic and political transformations, there have also been dramatic welfare developments and social policy reforms in East Asia. In particular, the region’s two most influential countries, China and Japan are undergoing a similar transformation over the past two decades. The two countries have much in common. At the beginning of the twenty-first century, They are faced with the same problems caused by economic growth and globalization, despite their different political systems and cultural backgrounds.

However, clearly there are large differences between them. No country can match China for size and diversity. The over one billion population of China is impossible to compare with Japan. Both governments have distinctly different political systems as well as administrative structures. While Japan is urbanized and post-industrial with a services economy which creates more opportunities for employment, China still relies greatly on manufacturing and agricultural sectors. Income levels in Japan are far above those in China on average.

How relevant such differences are is unclear. A number of challenges facing policy makers and policy analysts in Japan are similar in nature, though they might differ in scale to what has emerged in China. Given the convergence of demographic transformations in the two countries, making comparisons between them offers a great opportunity to investigate different causes, mechanisms and possible consequences to tackle common social needs. It also provides possibilities to learn about the causes and consequences of policies in the way the other government responds to the same issue can be found in their different actions.

One of the most serious concerns for both Japanese and Chinese society is the high speed of aging. In fact, the two countries are facing (in the case of Japan) or are expecting to face (in the case of China) rapidly aging populations in which the percentage of working-age people is diminishing in proportion to the elderly, and serious declining birth rates. Both countries have also experienced changes in family structure and poor conditions for caring for the elderly. The rising number of elderly people in both societies will, within the next few decades, result in a significant impact on the social security systems with regard to pensions, medical insurance and so on. Pension payment and the cost of health and care for the elderly are considered to push up social expenditure. Therefore, both countries have recently expanded their social welfare programs especially for the elderly. Consequently, those challenges have forced the two governments to meet similar needs for welfare provisions (see Figure 1 and 2).

The rate of aging (proportion of over 65 years of age in total population) in Japan reached the world’s highest level of 23.1% in 2010 and the number is expected to exceed 27% by the year 2020, according to the latest figures released by the Ministry of Health, Labour and Welfare. Japanese population of 128 million is predicted to shrink by a third, and over 65 years will account for 40% of people by 2060. On the other hand, ‘population explosion’ in the 1950s and 1960s and the strict birth-control policy under the ‘one child’ policy over the last two decades have made China enter an aging society since the 21st century. The statistics published by China’s State Statistical Bureau in 2003 announced that Chinese population aged 60 and above are nearly 130 million, which accounts for 10 percent of its entire population. Furthermore, those aged 65 or above have already exceed 7% of the national
It is assumed that the population of Chinese senior citizens aged 60 and over will exceed 200 million by the year of 2015, and the number will rise to 280 million by 2025. If such predicted demographic trends come true, there will be approximately 400 million Chinese elders by 2040 or 2050. That is to say, China will have to face more and more social and political pressures in the next few decades to offer social security, health care, housing and personal services for a large elderly population.

Given the convergence of demographic changes in the two countries, an opportunity for learning about the causes and consequences of policies in the way different governments respond to similar issues can be found in their different actions. Policy makers in both governments can receive ideas; in terms of which program is more or less effective, from comparing how different countries react to the same challenge. While it is still underestimated how policies and reforms undertaken by both countries are effective in responding to the challenges, the Japanese experience may offer the Chinese government some useful lessons. First, the process of demographic aging in Japanese society is faster than any country in history with significant consequences for its economy and society, thus, Japan’s experience alone has demonstrated that it is significant to preserve the traditions while taking into account widely demographic changes and new expectations for social policies such as pensions, health insurance, and other programs. Second, the modernization and economic level of Japan is higher than that of China, so China might need to draw lessons from Japan in restructuring of public services, transferring government’s responsibilities and promoting the development of the voluntary sector. Experiences in policy-making from Japan can be divided into two groups. One group of lessons and experiences can be imitated as soon as possible, and the other can only be used for references in the long term. Policy makers from China can take advantage of previous experiences from Japan and avoid policy risks at the same time. They can also examine other possibilities for alternative policies in response to the problems of social policy reforms.

Figure 1. Percentage of Older Adults (Age 65+) in Japan and China, 1950-2050

III. Terminology

1. Definition of the Voluntary and Non-Profit (VNPO) Sector

The past two decades have witnessed a growing interest in organized voluntary, private and non-profit activities in many countries, developed and developing, capitalist and former-socialist nations, along with the rise of great demand in public social services (Anheier, 1987; McCarthy et al., 1992; Fisher, 1993; Salamon and Anheier, 1997). Because of its increasingly important role of VNPOs in the processes of economic and political change, the sector has come to be recognized not only as a fundamental contributor to social life, civic infrastructure and human lights, but also as a significant factor for economic growth and political stability (Putnam, 1993; Fukuyama, 1995; World Bank, 1995). Despite the fact that the sector has apparently grown in scale and importance, however, the common definition of this set of organizations remains only dimly understood. In the first place, this trend seems to involve Asian countries, where an expansion of the public attention to voluntary activities has rapidly grown over recent years. In particular, the VNPO sector is an emerging and important actor in contemporary China and Japan (Li, 2008; Koga, 2010; Imada, 2006; Tanaka, 2008). The sector could offer public services in an efficient and effective way that contributes to the decentralization and downsizing of the state. Generally, the role of VNPOs could be considered as: (1) facilitating the development and sustenance of a civil society; and (2) agents of sustainable development across the world (Osborn, 2003). The sector is capable of taking over personal social services such as welfare, medical and education from local governments. Given the fact that both providers for social welfare and the social needs of the recipient have diversified, the sector could play a significant role in developing essential local public services flexibly. Because social governance is often derived from grass-roots...
networks (‘from the bottom-up’), VNPOs can act as main players in promoting the growth of ‘good governance’ in society (Jinno and Sawai, 2003). Hence, a prospering VNPO sector could lead to the growth of so called ‘civil society’ in both China and Japan.

It has been widely accepted among international scholars and non-profit leaders that the existence of ‘third sector’ has occupied a distinctive social life outside of the conventional two broad sectors: the market and the state, or the private and the public sectors. Despite its increasing characteristic features and dynamics, however, the sector is poorly understood due to its conceptual ambiguities and terminological confusion, and its existence still remains a debatable space in the academic world (Salamon and Anheier, 1997). This is a complex field, given the range of concepts and terms used, and the legal system governing the sector in different countries; non-profit sector, voluntary sector, charitable sector, independent sector, tax-exempt sector, non-governmental organizations (NGOs), non-profit organizations (NPOs) and many more. As Salamon and Anheier (1992) argue, since each of these terms only focuses on one feature of the substance of these organizations, other important aspects are somewhat neglected or overlooked.

Therefore, in order to develop a clear understanding of a relationship among different sectors, this section aims to define what the VNPO sector is. More importantly, the development of a definition of the sector would permit both the similarities and differences between the two countries to become evident. However, this is not an easy task due to the complicated of traditional, modern, and imported institutions that exist in two societies.

Generally speaking, definitions of the sector are essentially aggregates of a set of organizations that are considered to possess characteristics apart from states, markets, or households. That is, the voluntary sector consists of activities that are indeed voluntary in the sense of being free of governmental control and the economic constraints of profitability and the distribution of profits. More specifically, relying heavily on the research report by the JHCNSP, this paper refers to the VNPO sector as the set of institutions that share six key characteristics as its organizational features:

- Independence from government
- Profit not divided among members
- Involves voluntary participation
- Excludes trade associations
- Some elements of public benefit
- Self-governance

In addition to the definition above, a rough outline of a three-sector model (see Figure 3); the state, the market and the voluntary sector, could also somewhat provide a basic understanding of the sector (Wuthnow, 1991: 5-7). The state sector sometimes referred to as the public sector or the government sector, can be regarded as a set of activities legitimated by forcible powers. The market sector, in comparison, can be defined as a set of businesses which involve buying and selling similar goods and services for profit, based on the supply and demand mechanism. Seen in this way, the voluntary sector (or third sector) can thus be considered as a set of activities which exclude coercive enforcement and the profit-oriented exchange of products. Instead, the sector engages in a variety of voluntary activities that are free of the coercive actions and economic controls and distribution of profits.

Despite of its apparent simplicity, however, it should be noted that the three-sector model is at least a useful explanation in the dual sense of drawing attention to the voluntary sector and helping keeping clearly those differences in mind.
To develop further a detailed definition based on the definition above and the three sector model demonstrated by Wuthnow (1991), this paper suggests that the voluntary sector is a mixed sector, and thus three sectors overlap and complement each other, sharing similar objectives and missions in the field of social welfare (see Figure 4).

Although no single VNPO sector exists throughout the world, this paper generally uses this term to represent the whole sector based on the following two reasons. First, the voluntary sector emphasizes the significant ‘input’ aspect made by volunteer activities towards civil society. Second, the non-profit sector is the term used to highlight that organizations don’t exist essentially for their own profits. A primary focus of the research is on those organizations that participate in volunteer activities, focusing on wider public benefit and delivering social welfare services. In particular, Three key terms are employed to refer to the sector in the paper. The first is ‘voluntary and non-profit organization’ (VNPO), which is perhaps most accurate in describing the links of the sector to voluntarism and civil society. However, the term ‘non-profit organization’ (NPO) is prevalent in Japan and is used particularly in relation to the relevant legislative framework, the 1998 NPO law. On the other hand, ‘non-governmental organization’ (NGO) is the preferred term in China, as it emphasizes independence from the government. Where specific use of these terms, or others, is made later in this study, they will be explained in the start of the section.

Figure 3. Three-Sector Model

Figure 4. Definition of the Voluntary and Non-Profit (VNPO) Sector
2. The Concept of NGO/NPO in China

As the term non-profit sector does, the concept of NGO/NPO also varies among societies with different political systems and cultures. Before the set of reforms since 1978, there were no non-governmental agencies officially operating in the field of social welfare in China. Over the past decade, however, there have been a rapidly growth in the number of NGOs at various levels (Zhao, 1998; Kang and Han, 2008; Li, 2008; Koga, 2010). At the local level, almost all urban community organizations, namely resident community associations, have become to offer community services to most local residents. These organizations have shifted into a kind of NGOs after the reforms, since they realized that governmental financial budget is no longer able to rely on (Ma, 2002). Instead, they started to mobilize a variety of local financial resources, including conducting profitable activities to provide local residents with finance community services and activities, such as personal services for the elderly, the disabled, the poor and children, and even the general provision of public sanitation and public security.

Furthermore, some specialized non-governmental and non-profit welfare agencies have been established to provide personal services, mainly for the elderly (Li, 2008). At national and regional levels, some charity societies and other non-governmental welfare organizations have developed to offer social services, such as poverty relief, education, and medical care for poor people in both urban and rural areas. Some international NGOs have also become to provide welfare services and financial aids for local socio-economic development, mainly in the remote poverty areas (Koga, 2010). Although the VNPO sector in China is still a developing area comparing to the public sector and market, this sector has grown rapidly and played a meaningful role in welfare provisions in the past ten years. It becomes more common for the state to have interactions with the sector regarding the field of social welfare.

On the other hand, the Chinese government has employed legal registration to control and supervise the growth of social organizations (Chen, 1997). Organizations that want to receive a positive attention from government must pass for such registration. The current legal structure of NGOs has brought by the 1998 Registrations for the Administration and Registration of Social Organizations (Shehuituanti dengji guanli tiaoli). Utilizing the registrations, the central government has attempted to manage and control the development of registered NGOs in order to: (1) ensure that groups do not obtain too much autonomy; (2) limit capacity building; and (3) keep a watchful eye on the organization. In China, central government plays a key role as the supervisor and regulator of non-profit activities (Ma, 2002; Li, 2008).

Chinese NGOs (fei zhengfu zuzhi) could be divided into three categories: (1) social organizations (SOs, shehui tuanti); (2) non-governmental non-commercial enterprises (NGNCEs, minban fei qiye danwei); and (3) foundations (jijin hui). Friends of Nature (FON) is the oldest environmental NGO in China. It was founded by a group of concerned Chinese intellectuals in Linglong Park, Beijing, and officially registered at the State Ministry of Civil Affairs in 1994, as one of Chinese environmental NGO pioneers. Chinese researchers prefer the term ‘NGO’, while the government tends to use the word ‘shehuituanti’ (social organization) to refer to its special linkage with the government.

According to the Recent numbers announced by China’s Official Yearbook of the Ministry of Civil Affairs, the figures of registered NGOs have increased to 136,841 in 2000, 153,000 in 2004 and
220,000 in 2008. However, those numbers do not include the rising number of registered community based organizations (minjian zuzhi). Because the social organization registration is considerably strict and complex, approximately 80 percent of NGO in China are not taking a registered NGO, but choosing a form of business organization. Thus, a large number of grassroots NGOs have been emerging as corporations or companies. Such grassroots organizations are indeed the product of local communities and voluntary initiatives (Li, 2008; Koga, 2010).

Figure 5. Figures of NGOs (Sos and NGNCEs) in China

![Graph showing figures of NGOs (Sos and NGNCEs) in China from 1999 to 2008.]

Source: China’s Official Yearbook of the Ministry of Civil Affairs (2008)

3. The Concept of NGO/NPO in Japan

Since the 1990s, the American concept ‘non-profit organization’ (NPO) has become widely-used and familiar to Japanese people. According to Imada (2006), several civil organizations have played central roles in the establishment of the concept of NPO and NPO law: (1) research team led by Masaaki Honma, an Osaka University economics professor; (2) Suntory Cultural Foundation; (3) Nippon Life Insurance Foundation; and (4) The Osaka Community Foundation. All organizations have also generated a great contribution to the establishment of NPO Research Forum of Japan in Tokyo in 1993, as the first supporting organization for NPOs in Japan. Along with policy and legislative advocacy for NPOs, NPO Support Center has attempted to provide various projects which have contributed to the development of NPOs, such as offering information to local communities, providing support and consultations as a business incubator for startup organizations, developing human resources, working on public relations.

Despite of the sector’s increasing attention by public discourse, there are only a few written on the Japanese voluntary sector (Osborn, 2003). Certainly, defining the Japanese non-profit sector is a complicated work for researchers, since quite a lot of organizations are not officially registered.
On the one hand, many NPOs are obviously regarded as part of the government. On the other hand, there are also a large number of civil society organizations and community-based groups which greatly rooted in Japanese society and cultures. In attempting to define VNPOs in Japan, first, it might be useful to reveal what types of private organizations exist in Japan (Amemori, 1997: 195):

- Kōeki hōjin (charitable organizations, or public benefit organizations), including Shadan hōjin and Zaidan hōjin
- Shakaifukushi hōjin (social welfare corporations)
- Gakkō hōjin (private school corporations)
- Shūkyō hōjin (religious corporations)
- Iryo hōjin (medical corporations)
- Tokushu hōjin (special public corporations)
- Kōekishintaku (charitable trusts)
- Kyōdōkumiai (cooperatives)
- Nin-idantai or Jinkakunaki shadan (unincorporated organizations)

NPOs and NGOs are regarded as the same category of social organizations in Japan, although the term NPO emphasizes its non-profit management and NGO focuses its independence from The government. Generally speaking, NPOs are known as civil society organizations in Japan, while NGO is considered international in structure and scope of activity. NPOs can be defined as organizations that are: (1) not for profit; (2) provide social and local public services; and (3) have a foundation in the legal system. Therefore, the definition in fact excludes various citizens’ activity groups which are not incorporated such as juridical foundations (zaidan hōjin) and juridical associations (shadan hōjin) (Yamauchi, 2001; Imada, 2006).

Deguchi (2001) points out the very difference between institutionalized non-profit organizations (I/NPOs) and non-institutionalized non-profit organizations (N/NPOs). The former is heavily incorporated into the state and depends upon the state for their very existence in providing local services. They are denoted as kōeki hōjin (including shadan hōjin and zaidan hōjin) and act as mainstream social welfare providers, such as social welfare corporations (shakaifukushi hōjin) and special public corporations (tokushu hōjin). The latter group is seen as so called ‘grassroots VNPOs’ and they are independent from the government in terms of management and recourses. This paper focuses primary on the latter category in considering its role to civil society.

As will discuss in the following sections, The 1998 NPO Law has set up the fundamental direction for the development of the sector and the recent 2000 Long Term Care Insurance Law. It has offered possibilities of stable long-term funding for the VNPOs from the state. As a consequence of legal reforms, social welfare providers were diversified by making the other actors and sectors more prominent in welfare provision. The number of registered NPOs in Japan has been increasing rapidly since 2003. There were 5,000 increases from 2003 to 2007, and 3,000 increases from 2007 to 2010. The current figure of NPOs in 2010 has reached 39,214. Most of the organizations are mainly engaged in health, medical and social welfare services located in local areas.
Emerging Voluntary Organizations and Changing State-Society Relationship in China and Japan

In most cases, among the literature on comparative social policy across East Asia, Japan has been regarded as one of a variety of existing welfare regime models conceptualized from a Western framework (Goodman and Peng, 1996). Analysis
has tended to allocate Japanese welfare system to a unique category, since Japan does not fit comfortably with Western models (Izuhara, 2003). Japan has also been recognized as a ‘hybrid’ welfare regime in the analysis of Esping-Andersen (1997). However, his analysis framework has been challenged by Peng (2000) within the argument that the usage of indicators by Esping-Andersen, namely ‘decommodification and stratification’ cannot appropriately demonstrate the case of Japan. Furthermore, she reveals two significant factors which should be taken into consideration within the Japanese welfare system. Firstly, she stresses the connections between individual-family, and individual-labor markets, since generally in Japanese society the family and the labor market play an important role in providing welfare services. Secondly, she suggests that the primary purpose of welfare since post-war Japan has been an establishment of employment security system and a basic economic security for the family. Therefore, in the discussion of Japanese welfare society the links between the roles of family, the labor market and the welfare provision are essential elements.

On the other hand, scholars in comparative social policy (see for example Gould, 1993; Esping-Andersen, 1990) regard the Japanese welfare state as minimalist and liberal-residual system, in which welfare provision is seen as a safety net provided by the state for the very poor and most citizens who are expected to meet their own welfare needs from the market and the family. The Japanese government nowadays attempts to effectively cut down its heavy burden of social expenditure by emphasizing the important role of family and neighborhood help in providing services. Japanese people do not rely on the national pension and care for the elderly very much, due to the limitations and inadequacy of social services provided by the public sector. Hence, it can be assumed that one of the backgrounds for the development of VNPOs is an attempt of society to fill the gap left by the government provision of social services.

Before World War II, the government only offered limited welfare provisions. It was voluntary organizations that provided almost all social services. After the end of the war, however, in 1951 the Social Welfare Services Law was enacted and social welfare became the responsibility of the central government, supported by a municipal government, or a registered social welfare corporation. Although those registered welfare corporations are considered as non-profit organizations, their action is strictly controlled by the government.

In 1963, The Old-Age Welfare Law was enacted and it introduced a number of essential local welfare services such as nursing facilities, home helpers and daily welfare service centers for the elderly. The government started to offer free medical care for all people over 70 years or older in 1973. Japanese people enjoyed a rather high level of social welfare in the early 1970s. However, the oil crisis and the country’s obsession economic growth made it difficult to maintain such high standard of welfare. Consequently, the Japanese welfare state began to decline.

Since the 1980s, the system was under pressures to change for two main reasons. First, the government needed to control rapidly rising social expenditures for long-term care. With the growing number of elderly people in the Japanese aging society, the government needs to increase financial burden in order to provide long-term care. Moreover, the needs of senior citizens also greatly changed. In the 1960s and 1970s, the needs of the elderly mostly came from poverty, such as lack of food, clothing or housing. The centralized system at that moment was able to provide material support efficiently for the demands. However, seniors’ needs shifted away from such material needs,
since their financial condition had improved with the maturation of the national pension system and with the overall growth of the Japanese economy. For example, seniors living alone in urban areas complained of the lack of support in daily living activities, such as cooking and cleaning. Besides, due to the changing structure and function of family, Japanese families or households as care providers have been diminishing their fundamental role.

Through its historical development, the Japanese welfare system has been learning and adopting concepts and ideas from other welfare states. After enjoying a long economic growth, Japanese people have started to desire spiritual and humanistic satisfaction, rather than material satisfaction since the late 1980s. The fall of the Berlin Wall in 1989 has brought a great attention to a civil society not only in Eastern Europe, but also in Japan. Many people in Japan began realizing the importance of a civil society (Osborn, 2003). Expressing dissatisfactions toward a conventional socio-political structure governed by the Iron Triangle, since the late 1980s citizens have began attempting to create civil organizations to provide care for the increasing number of elderly people, offer support for the large number of foreign laborers in urban and rural communities, and improve the natural environmental protection against industrial pollution (Fujimura, 1999; Miyamoto, 2008).

2. Privatization and Social Policy Reform in Japan

It was considered that a decentralized system is able to meet new needs that varied from individual to individual. In the mid-1980s, Japanese government started to privatize and devolve welfare provision of public services in response to severe challenges resulting from socio-economic and demographic shifts (Suda, 2011). To reduce public expenditures and improve the quality of services, the central government decided to transfer welfare responsibilities over public services to local governments and even devolved control to the municipal authorities. Corresponding to growing demands for the increasing number of the elderly, insufficient child care, deterioration of the local community and solutions to environmental problems, voluntary activities became diversified and various kinds of voluntary organizations were founded in the late 1980s. The central government announced that local governments could contract out certain services to other private organizations in addition to social welfare corporations in 1990.

The Japanese welfare state restructuring after the 1980s provides some useful lessons not only for Japan, but also for other countries. A set of social policy reforms has resulted in a visible redistribution of responsibilities for social care provision among family, market, state and the voluntary sector (Peng, 2002; Takegawa, 2005). Furthermore, while these significant transformations were taking place in the public service system, volunteers and community organizations were rapidly growing. Numerous voluntary organizations began to engage not only conventional daily-care services but also new programs such as home-delivered meal services, in order to respond to the new needs of seniors and to make up for the shortage of government-run services. Thus, an expansion of voluntary welfare action has grown rapidly over the years and more and more non-governmental and non-profit welfare organizations have materialized (Osborn, 2003; Suda, 2006).

Some of the local governments have involved the volunteers in their activities by creating stronger collaborative relationships. However, such effort was made based on informal contracts, because these voluntary organizations did not
have any legal status. The only legal agreement appropriate for their activities was the status of a social welfare corporation at that moment. Until the enactment of the NPO Law in 1998, there were great barriers for VNPOs to have an access to the existing social system especially in the area of public services. As will discussed below, the new NPO law enabled smaller organizations to acquire the legal status of NPO corporation without following conventional complex procedures.

3. The Hanshin-Awaji Earthquake and the NPO Law in Japan

In particular, it was the Hanshin-Awaji Earthquake of January 1995 that drew the attention of the public and mass media to the existence of this VNPO sector. This large-scale natural disaster was truly a major turning point in the development of the voluntary sector as well as civil society in Japan. In fact, after the earthquake a number of voluntary agencies and volunteers emerged to engage in helping the victims and disaster relief. At the same time, more people have become concerned about volunteering and the activity fields of volunteer. In parallel to this attention, there has also been a sharp growth in debates emphasizing the need to develop the sector. Together with such concerns, many ministries and departments of the Japanese government and several local authorities began to recognize the significant role of citizens’ voluntary action.

This recognition eventually made a great contribution to the enactment of the NPO Law in 1998. It was not easy task for the new voluntary organizations to be established and incorporated, since they were small grassroots organizations and cannot meet the strict criteria of approval incorporation. Furthermore, under the existing laws, those citizens’ organizations must be controlled and regulated by the government. As a result of a lobbying movement for new legislation, in November 1994 the Coalition for Legislation to support Citizens’ Organizations (C’s) was established to achieve tax benefits for voluntary organizations, and then the NPO Law was eventually enacted in 1998.

The NPO Law is regarded as special legislation under Article 34 of the Civil Code. It enabled small VNPOs to be incorporated through an authentication process especially in the case they work in specified activities, such as:

- Promotion of health, medical treatment, or welfare
- Promotion of social education
- Promotion of community development
- Promotion of academic research, culture, the arts, or sports
- Conversation of the environment
- Disaster relief
- Promotion of community safety
- Protection of human rights or promotion of peace
- International cooperation
- Promotion of a society with equal gender participation
- Sound nurturing of youth
- Promotion of information technology
- Promotion of science and technology
- Promotion of economic activities
- Development of vocational ability or promotion of employability
- Consumer protection
- Administration of organizations that engage in the above activities or provision of liaison, advice, or assistance in connection with the above activities

After the enactment of the Law, more than 35,000 NPOs have been established in various areas of activity. Furthermore, only ten years after
enacting NPO Law, three new laws were executed, with a purpose of reforming the fundamental law for VNPOs. As explained above, the Japanese non-profit sector is quite complicated, consisting of two folds: well-organized non-profit corporations and grassroots citizen organizations. Established non-profit corporations include public-benefit corporations chartered under the Civil Code, social welfare corporations under the Social Welfare Services Law, private schools under the Private School Law, private hospitals under the Medical Services Law, and religious organizations under the Religious Corporations Law. According to article 34 of Civil Code, voluntary organizations can be incorporated with the approval of the competent authorities. Under the new legal system which started in December 2008, VNPOs became much easier to be founded without the approval of the government. In gaining legal and tax benefits, however, they must successfully be qualified to proceed to the next stage as public interest organizations, in which the criteria are complex and hard to meet.

4. Socialist Economic and Welfare System in Pre-1980s Reform China

Chinese traditional social welfare was based on its socialist economic system and socialist ideology. Before the 30 year reform, the Chinese government was running a large social welfare program in both urban and rural areas. The Chinese people, particularly urban residents enjoyed a certain level of universal benefits of welfare provisions even under the lower economic condition. In rural areas, welfare services had been covered by the collective organizations under governmental strict regulation. Thus, some researchers argued that Chinese society before the reform represented a ‘welfare society in a lower income country’ (Guan, 2000). It was obviously an advantage of socialism system that results in such high standard of welfare in the urban state sector. In spite of low personal income, the government aimed to ensure Chinese people’s basic living and provided sufficient services in health care, education and housing. Although there was a huge gap between rural and urban areas in levels of living and welfare, the basic idea was the same: low income, but high welfare benefits (Ma, 2002).

In this traditional system, the state programs covered and paid for almost all services in most important fields, either directly from the state budget or through government enterprises. In addition, almost all the expenditures were covered from public financial sources, since individuals did not need to pay tax in the traditional economic system. Therefore, the common expression ‘welfare services from cradle to grave’ was also used to describe the welfare pattern in China before the reform, as the European welfare did (Ma, 2002). China’s high level of welfare provision had resulted remarkable evidence of social developments, such as the improvement in adult literacy, school enrolment, life expectancy rates.

This old pattern contains three significant features (Guan, 2000/2003; Cheng, 2000). First, the means of production was considered to belong to the government. This state ownership can be seen as a basic idea for the government intervention in social affairs. The central government dominates in the distribution of power between state and society, so that it controls the entire public sphere and monopolizes all resources for collective action (Kang and Heng, 2008).

Second, welfare provisions were provided by the state based on a centrally planned economic system. In this system, all industries were under the tight control of the state-planned economy and the most important resources and procedures with regard to economic activity were controlled by the government. Mobilizing such resources,
the government can easily develop various kinds of social welfare programs. Furthermore, the traditional system prevented people from having associational rights and independent social organizations were strictly forbidden. In the distribution of power between the state and society, the state dominated and involved every corner of society, including both the public and private sphere (Kang and Heng, 2008).

Third, the ideology of traditional system was dominated by egalitarian concepts. Egalitarianism was traditionally considered as the significant characteristic of a socialist society in China. Given this circumstances, the government was expected to play a central role in the provision of social welfare.

5. Reform and Development in the Context of Marketization and Globalization in Contemporary China

Despite of its remarkable achievements, however, the Chinese government had to reform its welfare system due to two reasons. First, some features of the traditional model appeared to reduce economic efficiency, and bring negative effects on economic development. Second, the socio-economic changes created by market reform and the open door policy have forced the welfare system to be modified.

As a result of the market reform and open door policies since the early 1980s, Chinese welfare system has changed considerably. Market reform has meant the loss of the traditional welfare system, as well as the shift to a multiple-ownership economy, a market-oriented free trading system and the people’s greater tolerance of inequality. These changes have led to two significant impacts especially on welfare provision. First, market reform has caused weaker governmental control over the financial resources and various kinds of enterprises in social welfare. Second, the emerging, developing private sector remains outside the traditional welfare such as pensions, medical insurance (Shi and Zhu, 2000).

In recent decades, particularly since the market reforms launched in 1978, China has experienced a more rapidly economic growth than any other country worldwide. The extraordinary growth rate has had a number of positive impacts; one obvious benefit is a fundamental improvement in the average standard of living of Chinese people. More people in urban areas receive higher incomes, and better choice of goods, and they are living in more comfortable housing than ever before.

On the other hand, the growth has also resulted in some negative impacts; a wider income differences among provinces and regions, as well as among households and individuals. Income inequality has risen sharply from a comparative low level in the early 1980s to a considerable level nowadays (Gustafsson et al., 2008). Gustafsson et al. (2008) argue that, inequality is not necessarily a serious problem since it usually occurs hand in hand with economic development. Most researchers would agree that past Chinese policies has contributed to dwindle the gaps between income differences, thus small increase cannot be avoided. However, awareness has arisen when income differentials expand excessively in ways which decrease efficiency and infringe on fairness and justice. Furthermore, inequality can even disturb social cohesion, produce social and political instability, and eventually prevent economic development. The speed and the level with which such inequality has risen is remarkable.

Recent discussion regarding increasing inequality has been a major subject not only in Chinese political fields, but also in international settings. Concerns in China’s income distribution have expanded around the world. China is the most populous country in the world, hence changes and variations of its income distribution have
implications for global inequality and poverty. Knowledge about characteristics of the problems in China is vital in understanding changes inequality and poverty on a global dimension (Gustafsson et al., 2008). Besides, China is also a familiar subject of general interest, since its experience may offer evidence and insights in order to interpret the relationships between inequality and economic growth. In recent years the leadership team of President Hu Jintao and Premier Wen Jiabao that came to power in 2002-2003, has account the increasing inequality as a serious social issue. They have attempted to encourage a number of policy changes which aim to alleviate rural poverty. For instance, rural taxes and fees were reduced, and then rural school’s tuition fees are being cutting, the grain taxes was also limited, and an attempt to design a new village medical insurance system in rural areas including a version of the minimum livelihood stipend system (dibao) which has only been existed in urban communities. Chinese government has attempted to tackle with the greater inequality through a number of policy interventions.

It is true that thirty years of reforms and economic growth have brought a degree of prosperity never experienced by Chinese citizens. Becoming more diversified and modernized, China is now an important driver not only in East Asia region’s economy, but also in the global community. Although, poverty has been dramatically improved, yet there are still numerous challenges facing China; environmental pollution, inadequate health care, aging society, massive internal migration, water and energy shortages, persistent poverty. However, the government alone cannot effectively deal with all necessary tasks; offer solutions for social issues and provide social welfare services. The Chinese government by the 1980s realized that the engagement of social organizations and citizens action through civil society could generate social forces to cover its limited capacity for social welfare services (Guan, 2000). Since civil organizations operate as intermediaries between citizens and the government, those organizations may provide essential services to others in their communities. Therefore, it can be argued that a growing Chinese civil society will lead to create a fundamental infrastructure for internal development and contribute to sustainable development of society.

6. After the Reform - Societalization of the Welfare System

The key points of the entire reform of Chinese welfare system can be summarized as follows.

(1) Societalization of the Welfare System

Similar to the case of Japan, ‘big society and small government’ has also become a slogan in China since the mid-1990s (Ma, 2011). As have seen above, Chinese social policy has changed considerably as a result of the reform. China’s welfare system has been moving away from the state welfare model, but towards a more socially divided and market-oriented welfare model (Guan, 2000; Saunders and Shang, 2001). Under the single governance of the Chinese Communist Party (CCP), the government has enhanced its efforts for coverage extension for both urban and rural areas, with an intention of creating a new Chinese version of a ‘National Minimum’. As Wong (1998: 71) indicates, there must be an active engagement directed by ‘all strata of society: local communities, mass organizations, work units, families and individuals’.

In the spring of 2000, the Ministry of Civil Affairs officially publicized the so-called policy of ‘societalizing social welfare’. A basic idea of the reform is to societalize the welfare system, namely, involve a wide range of social actors and
institutions in the improvement of public services, with an intention of reducing the government’s financial and administrative responsibility and encouraging more non-governmental actors to participate in welfare provisions (Ma, 2002). The new policy includes communities and private sectors (for-profit or non-profit) as major providers of all kinds of services.

A big difference in Chinese social policy exists between the new market economy and the traditional model of centrally planned economy. In contrast to the traditional system, the central role of the government is not to pay for all kinds of welfare services from the government budget or state enterprises, but to mobilize other recourses, particularly to encourage non-governmental and non-profit organizations in order to share the welfare responsibilities.

With the respect to a series of decisive reforms, there have been significant changes in the roles of various actors, more precisely;

(2) The Public Sector: Government
The Chinese government has insisted on the necessity of meeting increasing demands to tackle the new situation and improving the quality of services. While the government still remains the main actor in the new system, it has transferred large amounts of its traditional roles in financial provider to individuals and other organizations. As a consequence, the reform demonstrated a clear shift in its policy orientation: changes in the welfare delivery system and a transformation of the structure of responsibility. The decline of party control and the state’s withdrawal from society has also resulted in a rapid growth in the voluntary sector and non-governmental welfare agencies in social care (Chen, 2003).

In short, the government’s current welfare responsibility can be summarized as following four characteristics: (1) regulation-maker: to establish the rules and set up criteria for welfare services; (2) administrator: hold accountable for most welfare projects, and control the action of related actors in other welfare programmes; (3) financial provider: although on a limited level, the governmental budget still remains the essential capital for some welfare projects; (4) financial guarantor: in some services such as social insurance, the government remains responsible for guaranteeing financial viability (Guan, 2000).

(3) The Voluntary Sector: NGOs and NPOs
Before the set of reforms, there were no non-governmental agencies officially operating in the field of social welfare in China. In the last few years, however, Chinese NGOs have played important roles in the management of public services, and have offered a number of high-quality services (Chen, 2003). In particular, there has been a rapidly growth in the number of NGOs at various levels since the late of 1990s. At the local level, almost all urban community organizations, namely resident community associations, have provided local community services to local residents. Since those organizations realized that financial budget and resources from the government are limited and no longer able to rely on, they started to take the form of ‘non-governmental’ organizations to mobilize a variety of local financial resources (Guan, 2000). For instance, they have attempted to conduct profitable activities to provide local residents with finance community services, such as personal services for elderly people, the disabled, the poor and children, and even the general provision of public sanitation and public security. Furthermore, some non-governmental and non-profit welfare agencies have been founded to offer personal services, mainly for the elderly. At national and regional levels, some charity societies and non-governmental welfare agencies have developed to offer social services, such as poverty
relief, education, and medical care for poor people in both urban and rural areas. In addition, some international NGOs have also become to offer welfare services and financial aids for local socio-economic development in the poverty areas. The Chinese government indicates that the increasing number of SOs and NGNCEs demonstrates a significant change of Chinese civil society.\(^{(4)}\)

\(\text{(4) Dysfunction of Danwei System: Urban Employment Units} \)

Traditionally, Chinese government provided a set of welfare provisions through ‘danwei (work unit) system’ before the reform, which is a special type of organizations under the planned economy. In other words, work organizations, including enterprises, governmental departments and social organizations took responsibility not only for jobs and earnings but also offered a wide range of goods and services, as well as ideological and organizational incentives for employees and their families.

Since the reform, however, urban enterprises have attempted to reduce their welfare responsibilities. Such changing role of the enterprises has two reasons. First, a series of economic reforms cut off the financial connection between the government and the state enterprises so that all welfare expenditures have to be covered by the enterprises themselves. At the same time, the government has also prevented the enterprises from carrying out basic duty to provide welfare services for their employees.

Second, from the early 1980s the state enterprises were criticized for taking too many social functions along with their main business. Ironically, it is true that danwei system has encouraged dependency and laziness in the workplace. Numerous economists and social welfare researchers emphasize that enterprises should keep their main commercial business as the first priority, and transfer their welfare role into other social organizations to deal with economic efficiency issues. Consequently, the decision whether to offer welfare provisions became a responsibility of state enterprises themselves. Hence, a number of enterprises have diminished their roles in the provision of welfare and certain functions of danwei system have substantially been displaced by the market.

\(\text{7. The Changing State-Society Relationship in China – A System of ‘Graduated Controls’} \)

As have seen above, since the late 1970s, economic reforms have produced dramatic and extensive changes in Chinese society. The Chinese government has attempted to decentralize state management and reduce the tight control of state-owned enterprises. The state's withdrawal from the economy has also brought about a great impact on social welfare and other fields. The governmental welfare provision has been reduced to a large extent, since it has no longer to operate a universal welfare system. Moreover, beneficiaries have been required to pay for their services in most fields from social insurance to health care services, housing and education.

At the same time, the development of a market economy and the decline of political control have generated favorable condition to non-governmental activities. Rapid economic growth and social transformations have resulted in a substantial relocation of workers and created new social needs and issues. For instance, tens of millions of rural people have migrated to large cities, creating a huge pressure on all kinds of social services. However, local governments lack the abilities to meet such urgent needs so that they have allowed social services into the market and private sector. The state has recognized the potential of society
and decided to utilize societal monetary and human resources in order to cope with emerging social needs. The voluntary organizations, private non-profit institutions and other social organizations are considered as a reliever to this new situation. As a result, the freedom of Chinese citizens has expanded, many social organizations emerged, and more importantly private spheres opened up. That is to say, the state is gradually withdrawing from many responsibilities toward society.

However, in spite of dramatic changes in economy and society, some researchers insist that the balance of power between state and society still remains the same. The reform did not absolutely change the dominant position of the government, as it was a top-down, ‘government-led reform’ (Ma, 2002). The government just organized the reform as it wished and strengthened its strategies of control over social organizations. Therefore, a system of ‘graduated controls’ is a proper expression to describe the government’s different strategies to different social organizations (Kang and Heng, 2008). Under this system of graduated controls since the 1990s, the state no longer has authority to interfere in every aspect of society. Since the government firmly controls the political and public spheres, social organizations are allowed neither to exist independently nor to challenge the power of the state. Instead, the state utilizes the capabilities of social organizations not only to meet new social needs but also to provide public goods (Kang and Heng, 2008). As a result, the past two decades have witnessed significant progress in non-governmental and non-profit sector in China.

It has been widely discussed that the Chinese government’s tight control against political organizations outside of the state has prohibited numerous voluntary and private institutions from engaging in political issues. Nevertheless, some of the important ideas of civil society have settled into Chinese NGOs, such as citizen participation, volunteerism, a sense of social responsibility and self-confidence. Those concepts have influenced to a new political and cultural atmosphere in China.

V. Discussion: The Differences and Similarities in Diversifying Welfare Responsibilities and Mobilizing the Voluntary and Non-Profit Sector

As have discussed so far, social welfare reforms over the past two decades in both China and Japan have obviously shifted towards the same direction: the reduction of the government’s responsibilities in social welfare; the encouragement of individuals’ role for their well-being; and decreasing public service in most welfare fields. More importantly, the Japanese welfare restructuring and Chinese economic reforms since the 1980s have together brought about the rise of voluntary organizations and changed the fundamental relationship between the state and the VNPO sector. However, it should be noted that the ways in which those organizations emerged are through different contexts and social backgrounds. Therefore, this section in turn focuses on socio-economic and political features that are contributing factors to the recent development of the VNPO sector by examining similarities and differences in characteristics and developments in each countries. A key argument is how the VNPO sector is constituted and located in different contexts of society and how it relates to the government.
1. The Similarities

It can be argued that there are certainly numerous similarities in the development process of the VNPO sector in China and Japan. First, a conceptual term in both countries is an ‘imported idea’ from Western societies. In fact, civil society is a concept alien to Asia. It refers to the self-organization of citizens in contrast to the state or government, and is rooted in the Western tradition and political culture. In Western countries, VNPOs have invariably been seen as a barometer of societal health and as a ‘product’ of the existing of civil society (Putnam, 2000).

Second, both countries have experienced initiative rise of NGOs/NPOs in the same year: in 1998. Japan has seen ‘The Year of the Volunteer’ and the NPO Law has been established in 1998. This new NPO law aims to create a more enabling environment for Japanese NPOs and activate citizens’ participate in public services and community activities. On the other hand, it was also in 1998 that the first research center on NGOs in China; the NGORC was founded by Tsinghua University. Its mission is to provide training for senior managers in NGOs, to promote research on Chinese NGOs, to contribute to effective formulation of related public policy, and to help build the capacity in NGOs and civil society.

Third, the early history of mutual aid and the country’s strong central bureaucracy are associated with the growth of the sector in both China and Japan. More specifically, Buddhist and Confucian beliefs can be considered as the fundamental roots in which the voluntary sector have emerged and developed. It is assumed that the substantial tradition of ‘mutual assistant and support’ and ‘volunteering’ in China and Japan derives mainly from the Buddhist and Confucian concepts of community (Lohman, 1995).

Imada (2001) argues that it was indeed voluntary organizations that provided most social work and services in Japan before World War II, since social security offered by the Japanese government was partly limited. Even in the post-war era, a number of people engaged in volunteer activities. University students in Kyoto created volunteer groups in 1947 by referring to the BBS (Big Brothers and Sisters) from the United States as an example. In the early 1970s, local social welfare councils attempted to establish volunteer bureaus and volunteer centers, and at the same time the government were beginning to offer financial assistance to local volunteer centers (Imada 2001; 2006).

2. The Differences

The purpose of the paper is not to emphasize those similarities, but to analyze the significant differences in promoting the sector. The following elements are useful in explaining how the sectors have developed in different ways in China and Japan. One of the most prominent differences lies in the scope and in the approach. First, different levels of social expectation should be highlighted. Social expectation is defined as ‘an internalized social norm for individuals and organizations, thus for society as a whole, about what people should do’ (Hasegawa et al., 2007; 180). In fact, since the 1990s a growing social expectation for the important role of NPOs has been formulated in the Japanese society. Hence, some researchers argue that a special ‘social expectation’ towards voluntarism and motives for volunteering among the public played a primary role in generating a number of non-profit organizational activities and establishing the NPO Law in Japan. Contrary to the case of Japan, it was limited elite groups that directed voluntary activities in China without any impact of social expectation on volunteerism. Moreover, there was neither the dramatic
emergence of associational activities nor citizen-based collaborations among activists, NPOs and media during the 1990s. Only after 2000 did some amount of discussion regarding NGOs displayed through the media and education in the Chinese society.

Second, the activists and leaders who introduced the concept of NPO in Japan were those experienced voluntary and civil activities. In China, however, it was elite groups and charismatic leaders without having experienced of any social activities that involve in the emergence of NGO movements. Since the mid-1990s, citizens have been working on the establishment of local NPO support centers in Japan. The primary goal of such institutions is to provide an effective operating condition for neighborhood NPOs which are rooted in the community to meet local needs. Other missions of local NPO support centers include helping to build partnerships between NGOs, citizens’ groups, businesses, local governments, academia and the media. Japan NPO Center (JNPOC) was established in November 1996 and officially incorporated in June 1998, with an intention of providing infrastructure and support for a number of VNPOs. JNPOC is regarded as a leader in the development of non-profit organizations and civil society in Japan, attempting to support civic activities, to expand the VNPO sector and to help create partnerships between the sector and government. Yoshinori Yamaoka, a founder and managing director of the JNPOC, has experience of working as a volunteering program planner for Toyota Foundation. He is also well-known as the author of a number of publications on Japanese foundations, public non-profit activities. It is important to emphasize that this center was founded by the initiative of leaders of voluntary organizations. With the cooperation and support by Keidanren and the Economic Planning Agency (present-day Ministry of Internal Affairs and Communications), a mission of the center was to formulate a civil society. Nowadays, a growing number of such infrastructure organizations are established all over Japan.

On the other hand, The term NGO was introduced to China in 1995, when the 4th World Conference on Women of United Nations took place in Beijing. Since then, the words NPO (fei yingli zuzhi) and NGO (fei zhengfu zuzhi) have been commonly used terms among Chinese scholars and media, referring to organizations that are free of the government’ controls and managements (Zhao, 1998). China’s first research institution for these voluntary organizations was founded in 1998, named NGOs Research Center (Tsinghua University). However, different from the case of Japanese NPOs, Chinese NGOs are mostly organized and run entirely by charismatic leaders. For example, Liang Congjie, founder of Friends of Nature (FON), and Liao Xiaoyi, founder of Global Village of Beijing are both remarkable researchers and professors, but have no experiences or any involvement of civil and social activities.

Third, both societies have introduced new concepts with different intentions and aims. In developing and promoting civil organizations and voluntary organizations, the idea of Japanese NPO was adopted as an effective tool to maintain a sustainable action and independence of organizations. In doing so, NPO Law played a significant role in creating an ideal infrastructure for the growth and development of NPOs in Japan. On the other hand, the primary intention of Chinese NGO representatives was neither to make organizations more sustainable nor stable, but to use the concept in order to address serious social problems and provide innovative solutions to them.

Fourth, one can also see the significant
differences in the scale, activity fields and organizational structures. Compared to Chinese NGOs, organizations in Japan have much smaller number of employees and work in compact scale. In addition, in most cases NGOs operating in China have relatively larger incomes and financial resources mainly given by grants of international NGOs, personal savings of founders and small contributions from members. On the other hand, the insufficiency of resources has always been considered as the serious issue of NPOs management in Japan. At present, most of the Japanese groups operate with limited budgets provided by their membership fees and much smaller grants from the public sector and private donations (Tanaka, 2008).

It should be also highlighted that organizations in both societies are specialized for different fields of voluntary activities. In recent years, Japanese NPO activities have gradually expanded the scope of services especially in the field of social welfare services. According to the annual report by the Japanese Cabinet Office, Minister’s Secretariat Volunteering Support Policy Division (2010), at present, more than 40 % of NPOs are engaged in the field of social welfare, health and elderly care services. Therefore, it can be argued that welfare non-profit activities are already at the center of the voluntary sector in Japan. However, different from the situation of Japan, only a few specialized non-governmental welfare organizations have been offering personal and social services, focusing on the issues such as gender, public health, poverty and education (Guan, 2000). Instead, the environmental NGOs, in particular international NGOs have rapidly developed in China and recently expanded their connections with civil society (Tang and Zhan, 2008).

Lastly, both countries vary in the relationships between the state and the voluntary sector, namely; the ways in which the government control and monitor VNPOs. In China, the party-state has attempted to strengthen the government’s control over the state-society relationship. Ma (2011) points out that a number of officially registered non-governmental organizations, foundations and professional associations in China are in fact government-organized NGOs (GONGOs). Indeed, whether such organization should be regarded as NGOs has been a key question among some Chinese scholars of social and public policy. Fisher (1998) concludes that only a handful of Chinese NGOs can be defined as self-supported, self-governed and self-organized organizations, according to Western conceptions of NGOs. In practice, the Chinese current regulatory policy and situation differ from those of Western countries. Therefore, following the government’s rhetorical slogan of ‘small state, big society’, the state has announced that the primary role of NGOs is to reduce the government’s burdens, to help the government carry out all necessary social services, and to bridge the gap between the government and society. Instead of offering large amounts of founding, the government insists that reduction in funds to organizations could encourage them to be autonomous and more motivated (Ma, 2011).

In contrast to the complex and strict regulations for NGOs in China, Japanese NPOs has attempted to gain its own financial sustainability and legitimacy, and to work in partnership with the government. In other words, most NPOs in Japan exist independently of the state and are formed with little government’s control. Many Japanese scholars believe that NPOs need to be active in playing a role in responding to social demands, rather than expecting the government’s help. However, this does not mean that they are enjoying unlimited freedom from the government intervention (Imada, 2006). In this respect, Kawashima (1999) emphasizes that the governmental supervision
needs to play a significant role in avoiding abuse of tax-exempt scheme without lacking organizational flexibility and autonomy. Moreover, the new legislation, NPO Law has substantially contributed to redefine the incorporation process for VNPOs. Applications do not need to require the conventional ‘approval’ (ninka) from the government agency or agencies any more, but just appeal to the prefectural government where the organization operates. This simplified process has substantially reduced the influence of central government agencies to control the activities of organizations.

VI. Concluding Remarks

This paper has outlined the development of the VNPO sector in China and Japan. The different processes and institutional structures within which the VNPO sectors emerged and developed have been described. From the discussion here, it is obvious that the non-profit sector is a significant presence in the two countries. For both societies with changing family structures and aging populations, the development of VNPOs can be regarded as a bridge to fulfill the role of missing family or welfare care of elderly and children.

Furthermore, the two countries have undertaken social policy reforms and institutional reforms to achieve a smaller government. Hence, the path of the reform and development in both societies have resulted in the policy choice to societalize or privatize welfare services and the changing roles of non-governmental and non-profit actors and changing structures of responsibility in providing welfare services. In other words, although to different extents, the two governments have been downsizing and transferring many economic and social responsibilities to a variety of social groups. Evidently, both governments are demonstrating the same goals of promoting the voluntary sectors, but are at the different stages of development.

However, there are significant differences between Japan and China in the governments’ responses to the increasing demands for voluntary activities. For instance, in the ways in which both countries mobilize non-governmental actors and social resources in the field of social welfare. Furthermore, the structure of welfare responsibilities between state-society in contemporary Japan and China is different. The contexts and backgrounds through which VNPOs has emerged are also different. In addition to such differences, each country has adopted a diversity policy of using voluntary and non-profit providers of public services based on their unique characteristics of state-society relations.

This paper concludes that the most significant features contributing to the development of the VNPO sector in China and Japan are the following factors. In the case of Japan, pure volunteerism existed in the sectors’ origins and generated a number of volunteering activities and other community and voluntary organizations. In fact, Japanese NPOs are often derived from grassroots networks: from the bottom-up. As have seen above, the number of registered Japanese NPOs providing local welfare services has been increasing rapidly after the 1995 Great Hanshin-Awaji Earthquake which made the Japanese people realize the significance of voluntarism and civil society. Moreover, the 1998 NPO Law and the 2000 Long Term Care Insurance Law have strengthened the infrastructure and offered possibilities of stable funding for VNPOs.

In China, on the other hand, it was the rapid
reform of marketization that promoted the recent development of the VNPO sector. The transition from planned to market economy has created the paradigm shift in social service provision: pluralism and integration of service delivery. As a result, the Chinese government by the 1980s started to recognize the non-governmental efforts as an indispensable part of China’s economic and social development. It acknowledged that the engagement of social organizations through civil society could generate social resources to cover its limited capacity for welfare provisions. Therefore, there was not a mature involvement of civil and social activities at the beginning of the emerging process of VNPOs in China. It was an integrated governmental strategy that promoted non-governmental organizations and other civil organizations with an intention of being able to control and monitor them.

Therefore, it can be concluded that Chinese social policy has been moving away from the traditional state welfare model towards a private welfare model. Instead of adopting a privatization approach, as in some other countries like Japan, the Chinese government prefers a societalization approach to social welfare reform. More and more tight interactions between the state and the sector have taken place in some parts of the country. However, the new policy orientation officially publicized by the Ministry of Civil Affairs in 2000 contradicts Chinese traditional social policy, which was basically characterized by its socialist economic system and socialist ideology. In spite of the positive outcomes of the societalization of the welfare system, Chen (2003) suggests that there are still problems regarding the expansion of the voluntary sector in China, such as the poor capacity of management, unsound laws and policies, and ineffective supervision. Under the current situation, the VNPO sector is still very weak and lacks the institutional infrastructure and financial resources. The government encourages non-governmental actors to involve in traditional welfare activities because financial burdens will thus be shared.

More importantly, the fundamental principal of Chinese social policy remains unchanged. That is to say, policy-making in the Chinese government is still mainly dominated by the goals of economic efficiency and political stability, rather than the aims of social welfare (Guan, 2003: 81). Additionally, the Chinese government does not recognize the distinction between private and voluntary services and the role of the voluntary sector (Chen, 2003). The private sector has acquired a dominating role for the public, but has also been criticised for the weak quality of services. This suggests that there are a number of issues which need to be addressed in further development of the VNPO sector in China.

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Notes
1 This paper is based partially on my presentation made at the Sakura Seminar, Tohoku University, April 12, 2012, with some later additions.
2 The ‘Compact’ is an official agreement between the Government and the voluntary sector made in November 1988, signed by the then Prime Minister, Tony Blair.
3 This study is based on the theoretical argument that domestic political institutions are important factors affecting social welfare policy choices. In other words, the institutional structures or policy-making arrangements within governments are especially significant in determining policy developments and state reforms.
4 The idea that state intervention is the best choice to ensure continuous economic development and full employment.
5 This paper uses the terms ‘voluntary sector’ and ‘non-profit sector’ interchangeably.
6 For further elaboration of these features, see Salamon and Anheier (1997)
7 Refer to Li (2008, 11-13).
8 The government agency in charge of registering social organizations.
9 NPO Research Forum was called ‘NPO Promotion Forum’ at that time.
10 For the more details, refer to; Vision and Mission of NPO Support Center http://www.npo-sc.org/content/
11 While the English word NPO has been adopted among scholars and the government particularly for the voluntary sector, terms such as ‘local’ movement and ‘citizens’ group are more well-known in public conversation.
12 Kobe Earthquake took place on 17 January 1995. Its magnitude was 7.2 and more than 6,430 people were killed and over 100,000 houses and buildings were destroyed. Formal denomination of the Earthquake is ‘Hanshin-Awaji Great Earthquake’.
13 There were only about 6,000 social organizations in China at that time.
14 By the end of 2007, the number of registered NGOs had reached 387,000.
15 Probably, the most famous non-governmental voluntary project is the ‘Hope Project’ (xiwang gongcheng), which began in the 1990s. The goal of this project is supporting young drop-outs and promoting the development of basic education in poverty-stricken areas.
16 One of the first regional NPO centers founded by citizens’ groups was the Osaka NPO Center in November 1996.
17 He is also professor in the Faculty of Social Policy and Administration at Hosei University.
18 Or the Economic Planning Agency, in the case of organizations operating in more than one prefecture.