

New Philanthropy and Education Policy in China

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Abstract: *This essay will explore how Chinese philanthropy mobilises with the instructions from the central government, and participates in implementation of policies in the form of network governance, by starting to unfold the existing landscape of philanthropy and neoliberalism, the following part will discuss how do they intertwine with contemporary education policy. The next chapter is going to address the idea of ‘new philanthropy’, of how it has become a new form of philanthropy and in what way does it coordinate with the ongoing developing world. Notwithstanding this term is investigated in the global context with the assistance of the previous chapter. More specific examples of Chinese philanthropy businesses will be given in the last chapter, where there will be the combined analysis of recently modified authoritative guidelines and the works that Chinese leading philanthropists are doing, and indeed they are in the relationship of governed and governing with the authority. While the relationship is also changing from the government giving direct and explicit instructions, to a polycentric way of governance.*

Keywords: *Education policy in China, Neoliberalism, Philanthropy*

1. Introduction

Different from the global where philanthropists have been involved in for-profit, low-cost and private school initiatives, philanthropists in China are adopting part of the idea of new philanthropy in the neoliberal term, meanwhile, they have inherited the long-lasting traditional philosophies, as well as coordinating with the central government’s instructions of taking responsibilities of putting efforts on creating a harmonious society where people are willing to help each other and achieve goals of happy lives together. Existing studies on philanthropy in China have explored individual or generic cases of Chinese philanthropists’ ways of funding students. China has undoubtedly provided some very wealthy people with a safe and stable condition to start and boost their businesses, and in philanthropic terms, education is the country’s main source of donations. Nearly half of the 12.8 billion yuan (about £1.34 billion) of donations made in 2015 went to foundations of higher education institutions, from which it can be assumed that the education sector is taking a major ratio of philanthropists’ donation, no matter the governmental foundations or private sectors. The founding entities are mainly private sectors, comparing to the rather small ratio of governmental funds. Taking the examples given in Stephen J. Ball’s book *Global Education*, the moves of philanthropists from merely monetary support to donating services, human capitals including high-tech talents and experts in other fields are becoming more prevalent.

2. New philanthropy, network governance and neoliberalism

The term ‘new philanthropy’ is brought up in the context of neoliberalism and globalisation, therefore the key task is to explain what new philanthropy is and how does it foster the neoliberal setting. Based on the terminology ‘philanthropy’, which values giving more than earning, is different from trading business, the new philanthropy is gradually developed into a mode of ‘profitable giving’. The Economist published that ‘the leading new philanthropists see themselves as social investors.’ This statement also proves the new idea in so-called investors’ mind that they are expecting some form of profit, or social ‘return’ or ‘impact’. Stephen J. Ball asserted in his book *Global Education* that what is ‘new’ in ‘new philanthropy’ is the direct relation of ‘giving’ to ‘outcomes’ and the direct involvement of givers in philanthropic action and policy communities. The return might not be the monetary way, but what could they look for as equal payback?

They are watching the next generation of wealthy donors direct their money to causes and charities that differ from those of their parents and grandparents. In many cases, there is also a shifting of dollars away from largely established charities to smaller ones that allow donors to better see how each dollar is

spent and measure the results.

In 2006, The Economist raised up a new term ‘philanthrocapitalism’ to describe the philanthropy that resembles the capitalist economy, Uday Khemka predicted so. Uday is a young Indian philanthropist and a director of his family’s company SUN Group investment. From his perspective, a philanthropist will look at the project which is worth investing, and he uses the example that in the for-profit world entrepreneurs establish corporations that finally traded on the stock market. Secondly, Mr Khemka considers whether there is an infrastructure, the philanthropic equivalent of stock markets, investment banks, research houses, management consultants and so on. Thirdly, philanthropists are investors, from Mr Khemka’s view, that they need to assign their fortune to make a potential big change on social problems, in a better way indeed.

From the Birth of Philanthrocapitalism, there are long-lasting problems that still exist today: ‘little effort is devoted to measuring results’, and ‘foundations have unjustifiably high administration costs’^[1]. Criticisms have different voices. Ian Wylie states in his article ‘The New New philanthropists’ that “‘hedge-fund and private-equity managers who, via their own foundations, choose to ‘invest’ their donations in other charities and projects and use the latest money-market strategies, research tools and techniques to manage the performance of their ‘portfolios’”. From this standpoint businesses are aiming to involve strategic tools and sustainable ways of developing social wellbeing, combining compassion and deviousness. In the capitalist economy like the United Kingdom and the United States of America, as what Bronfman and Solomon chose as their book *The Art of Giving’s* subtitle: “the soul meets a business plan”, can explain why and how there are many businesses are willing to put some efforts in sponsoring public welfare. Stephen J. Ball has mentioned in his book *Global Education* that this Philanthropy 3.0, or to be called Venture philanthropy, is founded on three working principles: “‘bringing non-profit to scale’ by committing large blocks of funding over long periods of time; emphasizing evaluation and performance management; and fostering ‘investor-investee’ relations on the basis of ‘consultative engagement’”.

Network governance emerges along with the formation of new philanthropy, in an aim of adapting neoliberal trend. Osborne and Garbler^[2] assert that network governance is achieved through ‘informal authority’ of diverse and flexible networks, while the government is carried out through hierarchies or specifically bureaucracy. Governance then involves a ‘catalyzing of all sectors – public, private and voluntary – into action to solve their community problems’. Through this way, the government is shifting some of its responsibility to private sectors, however, it is not ‘hollowing out’ of the state^[3], instead, it is a new way of exercising government’s power through agencies. Rhodes^[4] also gives the definition of network governance, that it refers to self-organizing, inter-organizational networks characterized by interdependence, resource exchange, rules of the game, and significant autonomy from the state. It can be interpreted as the discourse of individual responsibility towards the society, which has always been emphasized along China’s history ever since the Confucianism’s promotion in Han dynasty, is shifting to a new form but somehow coming back to the old track. Ball says that at an individual level the New Labour discourse of ‘civic responsibility’ is a reaction to Thatcherite, neoliberal values. By dividing responsibility and rights, the central government of China has put it in a clear way that every individual or agency have their unique responsibility and rights towards the society. Jessop points out the new network is aiming to take place in ‘the judicious mixing of market, hierarchy and networks to achieve the best possible outcomes.’ There are many philanthropy enterprises in China, and each one must register with the government to be monitored in terms of their financial actions and projects’ themes. In the next part, the detailed example of Lao Niu Foundation will be given.

Peck and Tickell (2002) declared that ‘neoliberalism’s persistent vulnerability to regulatory crises and maker failures is associated with an ongoing dynamic of discursive adjustment, policy learning, and institutional reflexivity.’ All the crises that might emerge and the failures that could happen are hidden under how the networks of corporations and government and all the related actors. Dicken, Kelly and Yeung (2001, p.93)^[5] said the way of learning this methodology ‘must be to identify the actors in these networks, their power and capacities, and the ways through which they exercise their power through association within networks of relationships.’ This epistemological and ontological argument unfold a more explicit map of the continuous evaluating of how China produce the education policies with the participation of philanthropy.

3. China’s philanthropy and education policy

It can be proved from the 2005 National People’s Congress by the Chinese Communist Party (CCP),

'build a harmonious society'. Heberer and Schubert (2006, p.20) assert that this 'represents a contemporary revival of the Confucian ideal of the 'Great Harmony' (Datong) or 'a society characterized by social equality and political harmony''. By way of being a political tool, Confucianism monitors the corporate philanthropy in China, which differs from what is generally agreed in Western society that philanthropy is defined as voluntary or discretionary activities that are 'guided only by business' desire to engage in social activities that are not mandated, nor required by law, and not generally expected of business in an ethical sense' (Carroll, 1991, p.36). According to Bergman, Liu and Zhang (2015), private enterprises are 'the central caretaker of the society', so 'the state-led social welfare initiatives cannot be understood as voluntary philanthropic activities'^[6].

The globalisation is driven by the technology developing process, meanwhile, policies towards economic and social and cultural have also made the world a smaller place: the tendency of broadening tariff protection policies stimulates capital flows among states, and the communication between different cultures makes the diverse societies more harmonised along with the expanding of multi-cultural cities. The free markets and fast developing technology bring some people more connected to the world with all kinds of easily approached information. Ong (2006, p.503) has asserted that '(in China,) the internet is emerging as a space of citizenship formation, but also as a space of government surveillance.' Furthermore, no matter which place is being considered, the mobility of neoliberalism and globalisation is the initial concern instead of concentrating on the present-day status. According to Peck and Tickell (2002, p.380-404), they have established a stylized distinction between destructive and creative moments of the process of neoliberalism -- which are characterized in terms of "roll-back" and "roll-out" neoliberalism. These terms explain neoliberalism to some extent from a historical point of view. While "roll-back neoliberalism" refers to "the era of neoliberal conviction politics during the 1980s", with the active destruction or discreditation of Keynesian-welfarist and social-collectivist institutions (Frederick Hayek 1944), "roll-out neoliberalism" underlines the sense in which new forms of institution-building and governmental intervention have been licenced within the neoliberal project (Peck and Tickell, 2002). The process of policies' generating and implementing under neoliberal ideology involves the development of financialization in the realm of economic policy and activation in the field of social policy (Ibid, 2002). In China, the emphasizing of economic growth has been the priority to the whole nation ever since Deng Xiaoping's era, when Deng brought up the idea in 1975. And later in 1980 16th January, this principle has been officially stated in the Central Government's Caucus (Baidubaike, 2018). While privatization is ongoing in China, in a broad context, private business owners have more rights in operating their own corporation, and certainly for-profit is their initial concern. However, the consequences of privatisation have not manifested yet due to the short history of the era. Meanwhile, it cannot be compared to Western ways of the market, because after all, the socialist market-economy nation is in a different landscape of capitalist market-economy, as the former one is still under the control and surveillance of the Central government. Peck and Tickell (2002) declared that 'neoliberalism's persistent vulnerability to regulatory crises and maker failures is associated with an ongoing dynamic of discursive adjustment, policy learning, and institutional reflexivity.' All the crises that might emerge and the failures that could happen are hidden under how the networks of corporations and government and all the related actors. Dicken, Kelly and Yeung (2001, p.93) said the way of learning this methodology 'must be to identify the actors in these networks, their power and capacities, and the ways through which they exercise their power through association within networks of relationships.' This epistemological and ontological argument unfold a more explicit map of the continuous evaluating of how China produce the education policies with the participation of philanthropy.

Corporate philanthropy has not received much research attention in China. And according to Zhou, the existing studies 'have largely ignored the interactions between the corporate philanthropists and the private non-profit organizations (NPOs) or non-governmental organizations (NGOs) in China. Despite China has the largest number of NPOs in the world, the Organizing Council of China Private Foundation Forum (2009) notes that until 2008, there were 51.8% private foundations founded by corporations or corporate executives, which can imply that it is likely they are not purely set for dealing with the disasters, but also in aim of benefiting the society in a long term. The general comment on Chinese philanthropy's features summarized by Johnson and Saich as:

- 1) Philanthropy in China is poised for exponential expansion.
- 2) Social harmony is the overarching desire.
- 3) Majority focus on a single issue, with education the most common.
- 4) Giving is becoming more institutionalized.
- 5) China's 2016 charity law seeks to boost public confidence.

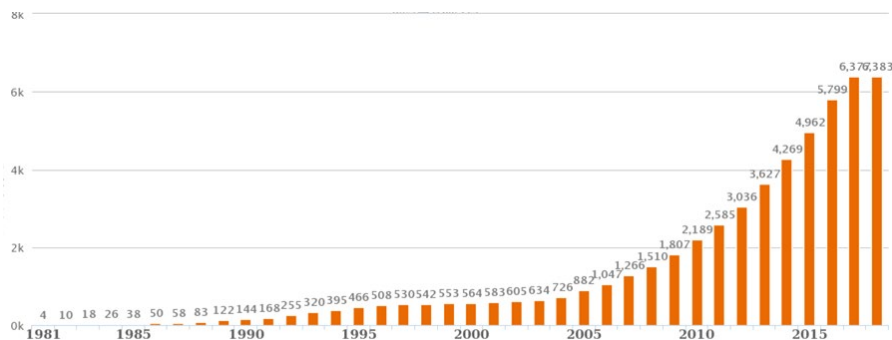
6) The foundation sector still faces significant challenges.

7) Technology is increasing giving across society.

After comparing the 2004 and 2017's Regulations on the Implementation of the Non-state Education Promotion Law of the People's Republic of China, there comes the conclusion that the guiding article has not changed over the period, which is based on the constitution of China:

Under the leadership of the Communist Party of China and the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, and the important thought of 'Three Represents', the Chinese people of all nationalities will continue to adhere to the people's democratic dictatorship and the socialist road, persevere in reform and opening to the outside world, steadily improve various socialist institutions, develop the socialist market economy, develop socialist democracy. -----Constitution of the People's Republic of China

On 1st September 2017, the modified version of The Regulations on the Implementation of the Non-State Education Promotion Law of the People's Republic of China, private schools will be separated into two categories, which are for-profit and non-profit. However, private schools are not allowed to establish compulsory education for-profit schools, which means the private schools are merely after-school educational institutes as a supplement of compulsory schools. During the compulsory education period, which consists of six years of primary school and three years of secondary school, is a right and obligation for all children and teenagers who are Chinese nationals and who have reached school age (Chinese State Council 2006). This compulsory law can guarantee the vast majority of young people will get involved in the fundamental education, while there are still a small number of children do not go to school at all because their uneducated parents' opinions are extremely unenlightened, that going to schools is waste of money. In 2016, the Chinese government has come out with a new Charity Law, in which one of the five key highlights is registering as a Charitable Organization. From which it can be told that the government is expecting to have the growing number of organizations sharing the social responsibilities. The Ministry of Civil Affairs has released the Notice on Relevant Issues Concerning the Registration of Charitable Organizations(Figure 1), which gives organizations register directly as charitable entities, with certain requirements for diverse entities, for instance, foundation, social group, or social service provider). The Ministry has also come out with the Measures for the Recognition of Charitable Organizations, which give explicit conditions that organizations must follow (e.g., not seeking to profit from its activities). From a positive point of view, the new law recognizes more diversified forms of organizations. Nevertheless, it still limited the fields to government priorities, for example, poverty relief, disaster relief, care for the elderly and orphans, and the promotion of education^[7].



(Translation: title: Run Chart of Numbers of Foundations in China; Chart left: Numbers of Foundations)

Figure 1: Number of Foundations.

Until 10th January 2018, there are 6347 foundations registered with total charitable giving 31.308 billion CNY (4.81 billion USD) (resource: China Foundation Centre, 2018), comparing to the US Annual Report on Philanthropy, the total giving in 2016 was 390.05 billion USD (Giving USA 2017), from which it can be proved that the total charitable giving in China is just 4% of US or European levels.

Sender wrote in Financial Times that the Mengniu Dairy founder Niu Gengsheng's charitable donations are planned to avoid offending the government. Niu Gengsheng's foundation, Lao Niu Foundation, which is based in Inner Mongolia and works on promoting education and the environment in China. The foundation's mission is "to help the philanthropy development and build a harmonious society." The traditional Chinese philosophies have promoted the idea of 'harmony of the society' values more than 'happiness of individual', Niu Gengsheng, as a private foundation's owner has made these two

aspects in a balance. Education has taken 46% of donations from China's top philanthropists according to Hurun Research Institute's 2016 analysis.

Niu, as the pioneer of these philanthropists, undoubtedly has his particular interests in education. He cited a Chinese saying that "one's adulthood is determined by his childhood." Therefore, he has put a significant amount of funds in childhood education initiatives. Although the neoliberalism and globalisation trend cannot be avoided, and the new philanthropy is currently boosting in the global context. In China, the philanthropists like Niu Gensheng has made a significant selfless contribution to the society, and he has pointed out the long tradition of giving in China.

From 2016 annual report of Lao Niu Foundation, they have summarised that during 2016, the foundation has cooperated with six foreign organisations, including BMGF, AGI (the Tony Blair Africa Governance Initiative), and other 46 domestic entities including private organizations and local governments (local government of Huhehaote). By the year of 2016, there were 156 departments, organizations or individuals have co-operated with Lao Niu Foundation, and all the 198 projects covered 30 provinces, autonomous regions and direct-controlled municipalities. The statistics from the report prove what Janet Newman states regarding to network governance, that 'plural actors engaged in a reflexive process of dialogue and information exchange'. Agranoff also asserts that 'networks provide venues for collaborative solutions and mobilise innovations'.

By bringing in the enterprises into policy communities does not mean they have rights to shift the policy towards their interests of making more benefit, but rather to create a positive social impact to benefit the society. Here is the example of the US philanthropic enterprise, the Bill Gates and Melinda Gates Foundation (BMGF), also known as the Gates Foundation, is said to be the largest private foundation founded by Bill and Melinda Gates. When they first launched this foundation in the US, they were holding \$38 billion in assets (National Centre for Charitable Statistics). BMGF is a typical venture philanthropy as the model of 'Philanthropy 3.0'. Also, they have adapted the solutions of 'Silver Bullet' towards 'grand challenges', which has three aspects: technical, generic and scalable. Gates and the other venture philanthropists criticise the economic crisis in the United States is hypothetically caused by the failure of public schools, so they want private sectors to rectify the issue that private sectors have involved too much in education. In the capitalist economy like America, Gates' foundation has its vital important role of playing in the policy promoting outcomes. The foundation, as an example of other venture philanthropy in the globe, its main consideration is not whether the recipient most matches the charitable objectives of the donor, but whether the recipient can use the investment to expand their operations and their social impact sustainably (China Social Enterprises and Impact Statement Report, 2013). Venture philanthropy requires lower rates of economic return. The emergence of new participants in policy network has its responsibility of reducing inequality gap between those who are privileged and those who have limited access to education.

Indeed, network governance stimulates the society to form a more balanced relationship between extremely poor and rich, not only in terms of individuals but also disproportionate regional economic development, with neoliberal ideas. As Ball puts in his article, that 'networks contain flows of influence as well as flows of people, and influence is carried back and forth across the boundaries between the public and private sectors; resources are exchanged, interests are served, and rewards achieved.' However, the dynamic environment also brings up the problem of unpredictability, in terms of the participants change more frequently than before. Consequently, new adapted policies are required.

4. Conclusion

From 2017 China's new education policies (MOE 2017), Council of State published the announcement about improving the urban and rural compulsory educational financial safeguard mechanism, there are "two exemptions and one supplement", which include the exemption for tuition and miscellaneous fee, the exemption for textbooks fees, and the supplement for boarding students who come from the families with low income. On the one hand, this policy is trying to involve more compulsory school age children into education. On the other hand, China is still in urgent circumstance popularizing education due to the broad geographical landscape and diversified educated levels of population. The modified Regulations on the Implementation of the Non-State Education Promotion Law of the People's Republic of China has stated to be implemented since 1st September 2017, which divide the private schools into for-profit and non-profits categories and governing them separately. However, it is not allowed by the law starting any private compulsory educational institutes. The modified part of the Regulations reflects the reality of inequality still exists in China and will be the long-lasting issue

addressing the philanthropists and the government's attention on dealing with it. Nevertheless, the educational philanthropy is facing the problem of how to earn the trust from the public. While the 2016 Charity Law gives the donors right to "inquire about and photocopy information on the management and use of their donated properties" (Article 42). Through the way of having more entities joining in the policy shifting procedure is the contemporary trend of governance, despite which form of government the states have. For China, government has always been playing a key role in every main business. However, China is aware of the fact of neoliberalism and globalisation, and it is attempting to adopt this new strategy of network governance to mobilize the effectiveness of education outcomes.

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