The Politics of Philanthropy in China

Geoffrey Jones
Yuhai Wu
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Geoffrey Jones
Harvard Business School

Yuhai Wu
University of Pennsylvania

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Geoffrey Jones, Harvard Business School

Yuhai Wu, University of Pennsylvania

Abstract

This working paper looks historically at business philanthropy in China. In the West, the literature has distinguished between entrepreneurial and customary philanthropy, while the phenomenon of spiritual philanthropy has been identified in many emerging markets. This working paper argues that these models do not fit the case of China, where philanthropy has always been primarily political, designed to access and protect from the political power of the government. This political philanthropy has taken an enhanced form since 2016 as the Chinese government, using the political discourse of "corporate social responsibility," has sought to guide state-owned capital and private capital into the field of philanthropy, and align the agenda of philanthropy with the policy of the central government. This is an endeavor to reshape the ethical system of Chinese society though combining the universal moral concepts of "goodness" and "mutual assistance" with the CCP’s socialist ideology. The government is also effectively creating a new economic sector – as it had done previously with green industries – which can provide social services and support, especially to underserved demographic sectors.

Tags: China, philanthropy, ethics
The study of business philanthropy has attracted growing attention in recent years, although the literature is skewed towards the United States. This is understandable as modern large-scale philanthropic giving is generally held to have started when the steel magnate Andrew Carnegie donated his fortune of $5 billion (in today’s dollars) to create the philanthropic Carnegie Foundation in 1911. A century later, the philanthropy of US billionaires such as Bill and Melinda Gates and Warren Buffet became the stuff of legends.

Business philanthropy in the West actually took two distinct forms. In Europe, and Asian countries such as India, industrial foundations are common. Typically, the family owners of businesses put their assets into charitable foundations, which served as a way of controlling the business as well as engaging in philanthropy. Prominent examples in Europe include the Robert Bosch Stiftung, which controls the large German electrical company, and the Carlsberg Foundation, which controls the Danish brewing company. Industrial foundations that also engage in extensive philanthropy also control many of the largest Indian companies. A long-standing and prominent example is the Tata Group. In the United States, in contrast, business philanthropy more commonly takes the form of purely philanthropic organizations, which are completely independent from the founder’s for profit business. The Bill and Melinda Gates Foundation is a classic example. \textsuperscript{1}
The industrial foundation type of business philanthropy has been seen by some authors as broadly positive in its social impact, although a lack of transparency is sometimes a problem. In contrast, the purely philanthropic foundations established by American billionaires have been criticized on various grounds. They have been seen as based on the gross income inequality that has expanded in the United States since the 1980s. Their activities have been variously described as “philanthro-capitalism” and “ethically flawed,” benefitting from light regulation and tax advantages while failing to question the system that let their founders accumulate so much wealth. Charles Harvey and colleagues distinguished between customary philanthropy – more or less traditional charitable activities – and entrepreneurial philanthropy. The latter was seen as self-interested investments by wealthy business leaders in order to shape the future. This kind of philanthropy can be seen as an investment in “world-making” -- a charade enabling rich elites to extend their control from economic matters to shaping social and political arenas.

Recently Giacomin and Jones have explored philanthropy in emerging markets and developed the concept of spiritual philanthropy. Using a sample of oral history interviews of top business leaders in Africa, Asia and Latin America, the authors showed that many of them established industrial foundations motivated by personal and family traditions, culture and religious values that emphasized charitable giving and social responsibility.

Giacomin and Jones excluded China from their study. Yet business philanthropy in China has grown exponentially in the context of President Xi’s anti-
corruption policies and the tightening of state control over IT, real estate and private education. Annual philanthropic giving increased from 4.17 billion RMB to 410 billion RMB between 2002 and 2021. The prominent IT company Ten cent alone gave US $80 billion in that year.5

The existing literature on philanthropy in China is somewhat partial in its coverage. Scholars based in Hong Kong and Taiwan have focused their attention on charities such as churches and charity halls in the period before the founding of the People’s Republic of China (PRC).6 The approach of these scholars is influenced by social history studies, as well as the vitality of philanthropic organizations in Hong Kong and Taiwan.7

There remains limited scholarly research on philanthropy from PRC scholars. The subject is largely the preserve of Philanthropy Research Institutions, which are directly or indirectly related to the Department of Civil Affairs, the Chinese government department that oversees philanthropy in the country. The disciplinary background of the researchers at these Institutes is mainly public administration.8 Exceptions include the history-based group at Hunan Normal University.9 The research of the Philanthropy Research Institutions, which is heavily influenced by the CCP’s political agenda, seeks to fit the Chinese experience into the perceived Western pattern of a growing civil society engaging in philanthropic giving. The English-language literature has largely followed this approach. Liu Baocheng and Zhang Mengsha’s Philanthropy in China, for example, documented the growth of civil society in China, and follows the CCP’s view that philanthropy is the “third form of wealth distribution” after markets.
and government policies. Like many studies, they also point to the Confucian origins of modern Chinese philanthropy. A broadly similar approach is taken in Paula D. Johnson and Tony Saich’s wide-ranging paper on the subject published in 2016.

This working paper departs from this literature by making the case that Chinese philanthropy cannot be understood by a direct transfer of Western concepts. Placing the recent surge in Chinese philanthropy in its historical context, it argues that historically it does not fit the customary, entrepreneurial or spiritual models. Instead, we describe it as political philanthropy. The term is not unique to this paper. The hedge fund billionaire and philanthropist George Soros has described his creation of Open Society foundations in Communist (and subsequently post-Communist) countries from the 1980s as “political philanthropy.” “I wanted,” he told the World Economic Forum in Davos in May 2022, “to help people who were outraged and fought against oppression.” This was a form of world-making, albeit one designed to advance democratic values rather than support plutocratic capitalism. Political philanthropy in China is different. Political philanthropists do not aim to make a world, but to stop a potentially hostile political world doing them harm. It provides an entry ticket to the club of decision-making political elites club in order to secure Guanxi (关系). We argue that is true over the long-term in China’s history, and it is true today. Unlike in the West, philanthropy in China is not driven by wealthy entrepreneurs, but rather framed by political forces including the CCP, government and so-called People’s Organizations (人民团体), which have some resemblances to NGOs but are actually instruments of the CCP.)
The working paper proceeds chronologically exploring the evolution of Chinese philanthropy in different chronological periods.

Philanthropy in Imperial China served to fill voids in the provision of services to the poor and help them in times of famine. It was also a means for local elites to control populations. The philanthropy focused on schools (学堂), ancestral temples, the provision of grain at times of famine, the treatment of epidemic diseases, and building infrastructure (roads, bridges, and water conservancy). Philanthropy filled institutional voids, but also served as a vehicle for local elites to control their communities.

Charitable organizations were a vehicle of Guanxi in Chinese local society. Schools and ancestral temples were another form of patriarchal and marital relationships. Relief activities and infrastructure were variants of the economic relationship between landlords and tenants. Political power intertwined with personal influence. The funds were either donated by or led by local elites, who dictated the operating mechanism and practice. They benefited from not only governing the local community, but also gaining influence and reputation.

The role of charitable organizations in Imperial China was related to the political nature of Imperial China. As an old Chinese proverb went, "The sky is high and the emperor is far"(天高皇帝远). This meant that the central government had limited access to local society and limited ability to allocate local human and material resources.
It could only exercise control through the bureaucratic system, the imperial examination system, the fiscal, tax and land system and the conscription system. The policies of the central government in local society needed to be assisted by local elites. The central government encouraged and publicized charity, since philanthropy was regarded as a way to manage local society at a low cost.

With the collapse of the Qing Empire in 1912 and the war against Japan beginning in 1937, China's charitable organizations suffered setbacks. Local elites behind philanthropy gradually lost influence, especially after the late Qing Dynasty, as China's political struggle relied heavily on military force. However, Western missionaries and entrepreneurs undertook substantial philanthropic spending churches, schools and hospitals. Köll has examined the case of Zhang Jian in interwar China. He was a pioneer of industrial textile production at the Dasheng mills, which was one of China’s first incorporated enterprises. He engaged in substantial philanthropic spending, but always in a fashion that strengthened his control on the local community, including by enhancing his reputation.13

For much of the Republican era, the CCP regarded China's charitable organizations as hypocritical acts of rural property owners, urban capitalists and central government bureaucrats. It saw the purpose of charitable organizations as being to paralyze the masses and block a revolution. Western philanthropic organizations in China were regarded as a means of aggression by Western imperialists.14 This hostile political discourse alleviated only during the 1930s when the CCP and the ruling Kuomintang temporarily put aside their partisan differences to resist the Japanese.
The CCP was prepared to accept Western philanthropic organizations as partners in the war against Japan, while it employed some Chinese philanthropic organizations to recruit Party members. After Japan’s defeat, the CCP’s attitude to western philanthropic organizations cooled again, and it sought to limit their influence to foreign affairs.

The CCP established organizations even before 1949 with similar functions to philanthropic organizations, but they were called “mutual aid associations” (互助会) and “relief societies” (济难会). Special emphasis was placed on avoiding words such as “philanthropy,” “charity,” and “humanity.” The organizations established by the CCP were mainly used to care for the families of CCP fighters who had died in conflict. Pensions for the families of so-called revolutionary martyrs became an important part of China's charity. These organizations were influential in the formation of the CCP’s views about philanthropy.

After 1949, the Central Government comprehensively took over all kinds of philanthropic organizations left over from Imperial China and Republican China. Based on the CCP's Sino-Soviet alliance policy in the early days of the founding of the People's Republic of China, the CCP cautiously handled Western charitable organizations in China as diplomatic matters. Foreigners from Western charities in China set the tone as expatriates. CCP did not interfere in their activities and nor confiscate their property, but nationalized the land on which charities operated. At the
same time, Western charitable organizations in China were prohibited from engaging in missionary activities. During this period, urban business owners did engage in philanthropy. This was evidently in part an attempt to reduce political risk from the new regime, as well as the heightened patriotism caused by a century of foreign intervention and aggression. Urban industrial and commercial entrepreneurs included mainland industrial and commercial entrepreneurs, overseas Chinese business leaders, and Chinese business leaders who had fled to Hong Kong (and especially those of them with relatives in mainland China). The most special among the donors were relatives of senior CCP cadres. For example, Dong Jieru, the mother-in-law of the member of the Politburo Standing Committee Liu Shaoqi, took the initiative to donate her private house in Beijing for the construction of a kindergarten for the children of PLA (People’s Liberation Army cadres) and of the Beijing National Culture Palace.18

In the mid-to-late 1950s, as the CCP gained control over all sectors of the economy, China completely abolished philanthropic organizations and established a people’s commune system (人民公社系统) which included large canteens, collective kindergartens, and collective nursing homes. The people's commune system had a similar mutual-aid nature to that of philanthropic organizations, but the ideology was in alignment with the new government.—the People's Commune was a political organization of the CCP.19

3

Although China launched the policy of opening up to the outside world in the late 1970s, it took some years to bestow legitimacy upon philanthropy in the CCP’s
political discourse. Even in 1994--fifteen years after the Opening Up Policy was launched --the official media in China continued to debate the legitimacy of philanthropy. On February 24, 1994, People's Daily, China's highest-ranking state-run media, published an article entitled "Justifying Charity." The article mentioned the legitimacy crisis that philanthropy has faced in China since the founding of the People's Republic of China, "for many years, especially in the Cultural Revolution, charity was regarded as a flood beast, as a bourgeois theory of human nature, a sugar-coated shell of the bourgeoisie." The article also clearly stated that the kind of philanthropy needed in China then was socialist philanthropy, and directly linked the development of philanthropy with the development of socialist modernization. "Socialism needs its own philanthropy. It needs its own philanthropists."20

The rehabilitation of philanthropy took place in a specific context. The transition from Mao Zedong to Deng Xiaoping shifted the CCP's national agenda from political revolution to economic reform, which could be facilitated by philanthropy. Secondly, the building of philanthropic system was useful creating a good international image for China's economic globalization, especially its accession to the World Trade Organization. China's initiative to develop philanthropy could be treated as responding to international humanitarian demands. In addition, the redesigning the philanthropic system can ease the political and social tensions in the early days of the post-Mao period. This innate conflict included social tension as well as tensions within the Party - victims of political persecution were placed in appropriate positions in philanthropic organizations after the Cultural Revolution. Fourth, to restore the legality of holding
private wealth, and to build the legitimacy of market-oriented reforms, in part by providing a means of social protection for citizens.

The CCP opposed not philanthropy itself, but rather the exercise of power and influence beyond the Party. By the 1980s, when the CCP had ensured the highest legitimacy in domestic politics, philanthropy was reinvented as compatible with Marxist ideology. In other words, the CCP could develop a narrative that philanthropy was acceptable, unlike in the Mao era.

The political nature of emergent China's philanthropic system existed also at the institutional and practical levels, and included the following four dimensions.

First, the Party Central Committee indirectly governs China's philanthropic system, among which are the sixteen national public foundations established in the early days of reform (1980s-1990s). Sixteen foundations were established under the leadership of so-called people's organizations (人民团体) which have been established under the direct leadership of the CCP since the early days of the founding of the People's Republic of China. As a result, the CCP used people's organizations as an intermediary to secure leadership over China's philanthropic system. On top of that, most of the senior leaders of the sixteen national public foundations had prominent Party and government backgrounds. For example, the China Welfare Foundation for the Disabled (中国残疾人联合会) established on March 15, 1984, was led by Deng Pufang --the eldest son of Deng Xiaoping. He was physically disabled during the Cultural Revolution in 1968. In the early days after the end of the Cultural Revolution, he worked in the Service Office of the General Staff Administration of the Central
Government. He began to serve as the first president of the China Welfare Foundation for the Disabled in 1984 until his resignation in 2008. After leaving office, Deng Pufang served as vice chairman of the National Committee of the Chinese People's Political Consultative Conference, and concurrently served as an honorary director of the China Disabled Persons' Federation Foundation.

The links between the CCP and other philanthropic organizations are evident. For example, the China Children and Teenagers Foundation (founded on July 28, 1981) and the China Women's Development Foundation (established in December 1988), are organizationally affiliated with the All-China Women's Federation. The political nature of the All-China Women's Federation dates back to the beginning of its establishment on April 3, 1949. Its leadership team was dominated by well-known female cadres in the Party in the early years. Not only did they themselves have the status of Party and government cadres, but also their husbands were mostly high-level leaders of the CCP. They included Kang Keqing, whose husband was Zhu De, vice president of the People's Republic of China); Deng Yingchao, whose husband was Zhou Enlai, the premier of the State Council; and He Xiangning, whose husband was Liao Zhongkai, leader of Kuomintang; Cai Chang, whose husband was Li Fuchun, a member of the Politburo and the secretary of the Secretariat of the CCP Central Committee). The tradition of female cadres within the CCP acting as the leading body of the Women's Federation continues to this day. The current president of the women's federation has previously served as the deputy director of the Central Organization Department and the deputy director of the Central Personnel Department.
Secondly, the relationship between Chinese philanthropy and government departments is close and complex. The registration and supervision of all charitable organizations in China are directly managed by the civil affairs departments of governments at all levels. Paradoxically, because the donors of Chinese philanthropy are mostly involved in the fields of medical care and education, Chinese philanthropic organizations also deal with the government's health bureau, education bureau and finance bureau. In terms of personnel relations, the civil affairs department management of governments at all levels is directly or indirectly involved in the field of philanthropy. They either hold leadership positions at philanthropic organizations or attend public fund-raising events for philanthropic organizations. For example, Li Liguo, then minister of civil affairs in 2013, was also the president of the China Charity Federation. Dou Yupei, then vice minister of civil affairs, served as vice president of the China Charity Alliance. The involvement of officials from the government's civil affairs department has made charitable activities attractive to donors from all occupations.

Third, in addition to the aforementioned high-level CCP and government figures directly or indirectly involved in Chinese charitable organizations, practitioners of Chinese philanthropic organizations also generally have a political background, including retired Party cadres, children of Party and government cadres, wives and relatives. The salary, insurance and welfare system for full-time staff of China's philanthropic organization is the same as that for the personnel of state institutions, and is not left to the discretion of philanthropic organizations.

Fourth, the specific agenda of philanthropy in China is often aligned with the
central government's policy. Enterprises engaging in philanthropy inevitably transition from interacting with philanthropic organizations to interacting with the government. In the business sector, including Central Enterprises, state-owned enterprises, and private enterprises, they participate in philanthropy through individual corporate donations, rather than in organization forms. This was highly related to the major policies of the Central Government and to local Guanxi, including company hometowns and the places where the business operated. It also served as a means to enhance the public image of enterprises.

In the public sector, the government leverages the Civil Affairs Department to guide and manage the flow of philanthropic organizations' funds, which primarily come from business donations. At the same time, the government has leveraged state media to promote the "donation image" of business owners, especially when the country is hit by major disasters such as the east China floods in 1991 and the 2008 Wenchuan earthquake. In this way, the government creates a philanthropic-related "social prestige" to attract entrepreneurs to make donations.

There is another point in government behavior that is particularly noteworthy - the lottery industry. In China, the lottery industry is mainly divided into the sports lottery and the welfare lottery. Among them, the sports lottery is managed by the State General Administration of Sport. The State General Administration of Sport is a direct organ of the central government. The welfare lottery is directly managed by China Welfare Lottery Issuance and Management Center of the Ministry of Civil Affairs of the central government. The Ministry of Civil Affairs holds a national work conference
on the welfare lottery on time every year. By placing the for-profit lottery industry under the management of the government, and then drawing funds from the profits of the lottery industry to apply to welfare charity, the government has promoted the legitimacy of the lottery industry in a socialist context.

Besides politic-business interaction, an unintended phenomenon arose - celebrity charity. After 2000, PRC saw a wave of celebrities participating in charity. The rise of star philanthropy in mainland China was directly related to the vibrancy of China's entertainment industry. In the early days, the main actors in star charity were Hong Kong stars. As the Hong Kong entertainment industry spread to the PRC, so Hong Kong celebrities' charity activities expanded in the mainland. Celebrity charity and the entertainment industry capital go hand in hand. The development of celebrity charity was also related to the "public nature" of charitable activities in modern society. Philanthropic activities usually attract strong public attention, which in turn naturally has an innate public relations function to enhance reputations, As a result, celebrities have a considerable incentive to engage in philanthropy than people in other industries.

At the same time, in the Chinese context, whether in the traditional concept of Imperial China or in the new concept of CCP China, celebrities do not have a high degree of social recognition. Some Chinese people equate the "stars" in modern society with derogatory dramas（戏子）, and "dramas" are in the position of "inferior nine streams"（下九流）in Imperial Chinese society. Therefore, the participation of celebrities in philanthropy has a good effect on improving the cultural situation of celebrity groups. As more and more celebrities have moved into the business
investment sector in the past decade, the demand for celebrities to gain public attention through the operation of charity has begun to decline. Celebrities are increasingly inclined to tag themselves the image of "elites" through business investments, especially the image of the intellectual elite.

The interaction between government and business in China's philanthropic system means that although a philanthropic organization is nominally a social organization, it has both political and economic functions. Philanthropic organizations have become centers for the exchange of government power and corporate funds. As a result, after the reopening in the late 1970s, large-scale corruption occurred in China's political and business sector around the philanthropic system. The corruption of the welfare lottery industry is the most representative.

The government department directly related to the welfare industry is the Ministry of Civil Affairs. The Welfare Lottery Issuance and Management Center of the Ministry of Civil Affairs has the power to approve the qualifications for the operation of welfare lottery. According to the National Bureau of Statistics, the average annual sales of China's welfare lottery in the past nine years (2012-2020) have reached 19,000 million RMB. The average amount of funds extracted from the total annual income of the welfare lottery for public welfare is 55.308 billion RMB. According to a brochure on the official website of the ICRC (International Committee of the Red Cross), one of the world's most influential charitable organization, the ICRC's appeal for funding in 2022 is 2,362.6 million Swiss francs (16,431 million RMB). In other words, the
public welfare funds derived from the annual proceeds of the China Welfare Lottery are 2.97 times the annual funds of the ICRC.

The scale of corruption in China's welfare lottery industry was revealed in 2016. On December 4, 2016, Qiushi magazine, one of the official media of the Party Central Committee, published a speech delivered by Wang Qishan, member of the Standing Committee of the Political Bureau of the CCP Central Committee and secretary of the Central Discipline Inspection Commission, at the 18th session of the Standing Committee of the 12th CPPCC National Committee on the morning of October 31. Wang Qishan reported that there had been “systematic corruption” in the Ministry of Civil Affairs. In November, Li Liguo, then minister of civil affairs, was removed from his post. In January 2017, during the Seventh Plenary Session of the 18th Central Commission for Discipline Inspection, the Central Committee officially announced that Li Liguo, former Minister of Civil Affairs, and Dou Yupei, former Vice Minister of Civil Affairs, had been investigated. In February 2017, the website of the Central Commission for Discipline Inspection reported their punishment. Among them, Li Liguo stayed in the Party for two years, but was demoted to a non-leading position at the deputy bureau level. Dou Yupei was given a severe warning and retired early. The most direct person involved in the corruption case of the Ministry of Civil Affairs is Bao Xuequan, former director of the China Welfare Lottery Issuance and Management Center.

From November 2012 until September 2015, Bao Xuequan worked for the China Welfare Lottery Distribution and Management Center. It emerged that through Bao
Xuequan's matchmaking, the China Welfare Lottery Issuance and Management Center was involved in the transfer of interests up to one billion RMB using the online platform "Zhongfu Online". According to the cooperation agreement, the chair of Zhongfu Online was appointed by the China Welfare Lottery Issuance and Management Center. According to the then public information of Zhongfu Online, 40% of the shares of Zhongfu Online were held by the China Welfare Lottery Issuance and Management Center. Companies linked to Bao Xuequan secretly owned the remaining 60% of the shares, The actual controller behind the different companies was a businessman named He Wen, who was linked to Bao by ties of Guanxi. He Wen controlled Zhongfu Online through a secret shareholding. Bao Xuequan had many common business interests with He Wen. In this corruption case, in addition to the "lottery corruption" led by Bao Xuequan, there was also instances of officials embezzling charitable funds and using charitable funds for real estate investment.

If China's philanthropic system served as a valuable playground for corrupt government officials and business practitioners, it also acted as a “cash machine” for celebrities who established foundations. In 2014, a whistleblower revealed that the Yanran Foundation was exposed to suspected embezzlement of 55 million RMB. The director of the Yanran Foundation was the entertainer, Li Yapeng. The whistleblower said that Li Yapeng used the Yanran Foundation to fraudulently donate 1 million RMB and embezzled 55 million donations. Li Yapeng had established the Yanran Foundation. The Yanran Foundation's stated aim was to use the donations raised to help children with cleft lips and in need of palate surgery. However, the medical facility that
performed cleft lip and palate surgery was a private facility, controlled by Li Yapeng’s private medical institution through proxy holding. As a result, the donations given to the Yanran Foundation became Li Yapeng's legitimate income. The Red Cross Society of China endorsed the Yanran Foundation and its public fundraising activities. The Red Cross withdrew 5.4 million RMB in management fees from the Yanran Foundation every year.  

These examples show that philanthropy in the post-Mao period was not an effective means of helping the disadvantaged. China’s private entrepreneurs lacked the motivation to engage in philanthropy and give back to society. The successful path of the first-and-second generation entrepreneurs who grew up after the reform determined their cognitive model. It not include a sense of social responsibility, nor of social values. On the contrary, their success depended on breaking the rules, breaking ethics, and manipulating Guanxi. In addition, most of China's private companies are family controlled, and corporate wealth is largely seen as private family wealth. Entrepreneurs first think about accumulating, increasing and passing on wealth, rather than social responsibility. Entrepreneurs make philanthropic business donations not for the sake of charity per se, but to access political power, and to enhance their reputations. Given the dominance of the CCP, there is - in any case - no opportunity for Andrew Carnegie-type “world building.”

This skewed pattern of corporate philanthropy in China took place in the context of limited philanthropic giving by the general population. The Chinese public generally has limited discretionary income, especially because of high housing costs. In Beijing,
China’s most expensive city, citizens with average incomes of 30,773 RMB faced a 9,552 RMB per square foot housing price. At the same time, the Chinese public's perception of government has always been closer to "all-powerful government", and as a result, most people lack the awareness of mutual assistance through private donations. In contrast, people as a whole assume that the group in distress should be helped by the government, not by itself or by the community.

Since 2016, China’s post-Maoist philanthropic system has been in flux. On September 1, 2016, the Charity Law, the first law on philanthropy since the founding of the People's Republic of China, came into effect. At the end of October, the Central Commission for Discipline Inspection launched a large-scale investigation into the government's civil affairs departments. The continuity of the two iconic events is no coincidence. The CCDI's investigation of the civil affairs department was not only a step in Xi Jinping's anti-corruption campaign, but also a clear signal from the Party Central Committee under Xi Jinping's leadership that the trajectory of China's philanthropy needed to change. This shift was closely linked to President Xi’s political design. He regularly mentioned “a national chess game,” which was a metaphor for “overall planning.” This emphasizes the leadership of the central government over the localities and emphasizes the coordination between the localities. In relation to philanthropy, Xi has repositioned philanthropy while seeking to address corruption in the philanthropic system and turning philanthropy into an important link in China's social security system. Philanthropy is being institutionalized as an integral part of China's state governance.
President Xi's behind-the-scenes reorientation of Chinese philanthropy began in 2014. In February 2014, the Internal and Judicial Affairs Committee of the National People's Congress took the lead in establishing a leading group that fully initiated the drafting of the Charity Law. It is also the first law on philanthropy in China since the founding of the People's Republic of China in 1949. After more than a year of investigation, the Panel formed a deliberation draft. At the end of the work of the legal drafting group, the work of the drafting group of China's "13th Five-Year Plan" proposals has gradually begun. In January 2016, the Politburo decided that Xi Jinping would be the leader of the drafting group for the 13th Five-Year Plan proposal. Li Keqiang and Zhang Gaoli served as deputy team leaders. This is also the highest standard reached by the drafting group of China's "Five-Year Plan (Planning)" since the reform and opening up. The drafting group consisted of 84 members. In addition to Xi Jinping, Li Keqiang and Zhang Gaoli, the remaining 81 people come from central ministries and local provincial committees. Members of this drafting group are mainly from the CCP, the government, the people's congress, and the Chinese People's Political Consultative Conference. On the morning of March 16, 2016, the Charity Law was passed at the closing ceremony of the Fourth Session of the 12th National Congress of the Communist Party of China. On March 17, the day after the Charity Law was launched, the Outline of the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China was officially released.

In the 13th Five-Year Plan, “Supporting the development of social welfare and philanthropy,” launched in 2016, there was a chapter on "Reform and Improvement of
the Social Security System”. This indicated that the Central Government wanted to focus China's philanthropic system on social security. It also implies that the government has ceded part of the responsibility for social security to philanthropy, which in turn has ceded it to the largest source of funds for the operation of philanthropy - enterprises. The legitimacy of the government's transfer of justice is supported by political discourse. In particular, there was the renewed emphasis on “common prosperity” (共同富裕) and Xi’s new concept of “precision poverty alleviation” (精准扶贫). The Party Central Committee skillfully combined the words of “targeted poverty alleviation” with “corporate social responsibility” (企业社会责任). Starting from 2021, the “corporate social responsibility” of Chinese enterprises has become one of the important assessment criteria for corporate financing.

5

Philanthropy in China has always been political. Historically it served a means of accessing local political power, and over time, it grew to operate on the national level. The philanthropic sector in every historical period was never autonomous from political sector. It is for this reason that we term philanthropy in China best as political, rather than entrepreneurial or customary. It has certainly not been spiritual in the language of Jones and Giacomin.

This working paper has traced China's philanthropy back to Imperial China, and discussed how it has evolved since. In every period the agenda and management of philanthropy was highly politicized. Within this context, philanthropy has gained more
and more political attributes since 2016. Behind it is President Xi’s vision of China's political economy. The Chinese central government has pursued its opponents in a large-scale anti-corruption campaign; introduced tough new controls over industry, beginning with private education and real estate; and redefined the responsibility of business philanthropy to society. This working paper suggests that the simultaneous occurrence of the above three is not accidental, but has a profound correlation centered around restoring the CCP’s control in China. By using the political discourse of "corporate social responsibility", the central government has sought to guide state-owned capital and private capital into the field of philanthropy, and align the agenda of philanthropy with the policy of the Central Government. This will not only help to reduce the social welfare expenditure burden of the central government, and more deeply address the social inequalities which have arisen during the decades of fast economic growth. The success of China's first and second-generation private entrepreneurs did not rely on a sense of responsibility to society. This is now being imposed by the CCP.

Since 2016, the trajectory of philanthropy has been transformed. China's philanthropy has been institutionalized as an organic part of China's national governance system. This is useful in softening China’s image at a time when rising military expenditure has made China appear more assertive on the international stage than previously. More fundamentally, it represents a strategy to reshape the ethical system of Chinese society though combining the universal moral concepts of "goodness" and "mutual assistance" with the CCP’s "socialist" ideology. The
government is also effectively creating a new economic sector – as it had done
previously with sustainable industries – which provided services and support,
especially to underserved demographic sectors.

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8 Shanghai Jiao Tong University China Philanthropy Development Institute, founded on December 28, 2016, is headed by Xu Jialiang. The institute is based on the Third Sector Research Center at Shanghai Jiao Tong University. The "Third Sector Research Center" is a research base jointly established by the Municipal Ministry of Civil Affairs and Shanghai Jiaotong University. The major publications of the Institute are: Report on the Evaluation and Development of Social Organizations in China and Research on the Third Sector in China. The Institute of Chinese Studies of Beijing Normal University was formally established in January 2012. Wang Zhenyao, former director of the Department of Social Welfare and Charity Promotion under the Ministry of Civil Affairs of the central government, serves as the president. The Institute of Philanthropy, Tsinghua University, was founded in April 2015 by the Ministry of Civil Affairs of the CENTRAL Government and Tsinghua University. Professor Wang Ming of the School of Public Administration of Tsinghua University was appointed as the dean. The Non-profit Organization Law Research Center of Peking University Law School was founded in 1998 by Peking University Law School and the Ministry of Civil Affairs of the Central Government. China Public Welfare Innovation Research Institute, Renmin University of China, was founded in July 2016. Professor Kang Xiaoguang of the School of Public Administration of Renmin University of China serves as the dean.

9 Charity research Center of Hunan Normal University. The director of the research center is Zhou Qiuguang, a professor of history and culture at Hunan Normal University.
Representative publications of the Research Centre are as follow. 周秋光、曹桂林，
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13 Elizabeth Köll, From Cotton Mill to Business Empire: The Emergence of Regional Enterprises in Modern China (Cambridge MA: Harvard University Press, 2003).

斗争与我们的策略的决议（一九三一年七月二十一日），引自：《建党以来重要文献选编（第八册）》，pp. 495。\( <\text{jian dang yi lai Zhong yao wen xian xuan bian(di ba ce)>}, (Bei Jing: Zhong yang wen xian chu ban she,2011), pp.495. \)

15 董必武，《怎样动员群众积极参战（一九三八年一月一日）》。陈绍禹，《三月政治局会议的总结——目前抗战形势与如何继续抗战和争取抗战胜利（一九三八年三月十一日）》。林育英，《关于抗战中职工运动的任务——在未来扩大的六届六中全会上发言的一部分（一九三八年十一月五日）》。引自《建党以来重要文献选编（第十五册）》，pp.20, pp.190,pp.737。\( <\text{jian dang yi lai Zhong yao wen xian xuan bian(di shi wu ce)>}, (Bei Jing: Zhong yang wen xian chu ban she,2011), pp.20, pp.190, pp.737. \)


17 《中央通告第七十二——关于济难会工作（一九二八年十月十七日），引自：《建党以来重要文献选编（第五册）》，pp.685-689。\( <\text{jian dang yi lai Zhong yao wen xian xuan bian(di wu ce)>}, pp.685-689. \) 《中共中央为加强对互济会的领导给各级党


24 《中共中央关于邀请民主人士北上给香港分局等的指示（一九四八年十一月五日）》，《建党以来重要文献选编（第二十五册）》，pp.623-625。《关于参加新政治协商会议的单位及其代表名额的规定（一九四九年六月十九日新政治协商会议筹备会第一次全体会议通过）》，《建党以来重要文献选编（第二十六册）》，pp.474-481。李维汉，《人民民主统一战线的新形势与新任务（一九五零年三月二十一日）》，《建国以来重要文献选编（第一册）》，pp.144-159。


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37《中共中央关于制定国民经济和社会发展第十三个五年规划的建议》，（北京：人民出版社，2015）。<Zhong gong Zhong yang guan zhi ding guo min jing ji he she hui zhan di shi san ge wu nian gui hua de jian yi>, (Beijing: ren min chu ban she, 2015).

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