



**THE ROLE OF RESEARCH  
INSTITUTIONS AND THINK TANKS IN  
LINKING UP GOVERNANCE  
EVIDENCE WITH POLICY MAKING IN  
CHINA<sup>1</sup>**

**MINQUAN LIU**

**QU WANG**

**Report Commissioned by UNDP Governance Centre  
(Oslo)**

---

**Discussion Paper 7**  
**Oslo Governance Centre**

#### ACKNOWLEDGEMENT

This paper was first prepared for the UNDP Governance Center (Oslo) Cairo Workshop held in January 2009. The authors thank the participants of the workshop for their valuable comments on the first draft. Since then the paper has undergone substantial revision. We would like to thank Noha el-Mikawy for her extensive comments on various drafts and suggestions for revision, without which the paper could not have taken its present shape. Research assistance from Jiming Zhu is greatly appreciated.

#### DISCLAIMER

The views expressed in this discussion paper are those of the authors and do not necessarily represent those of the United Nations, including UNDP, or UN Member States.



**United Nations  
Development Programme**

Oslo Governance Centre  
Democratic Governance Group  
Bureau for Development Policy

Borggata 2B, Postboks 2881 Tøyen  
0608 Oslo, Norway

Phone +47 23 06 08 20  
Fax +47 23 06 08 21  
[oslogovcentre@undp.org](mailto:oslogovcentre@undp.org)  
[www.undp.org/oslocentre](http://www.undp.org/oslocentre)

## INTRODUCTION

This paper examines and assesses the role of research institutions and think tanks in linking up governance evidence with policy making in China. Most researchers and practitioners would agree that better participation by civil society in policy making, better transparency of policy making rules and processes, better accountability of policy makers for their decisions, and a due emphasis on fairness and efficiency, in short better governance, would improve the quality of policy making in particular and development performance in general.

In these respects, research institutes and think tanks could play a crucial role not only in generating the knowledge and evidence needed to inform policy making in a scientific sense, but also in informing and lending weight to particular policy positions, which we expect ultimately to improve policy making. Most social, economic and political policies are unlikely to be made by disinterested players with only the public good in mind, who only need to be better informed by science so to speak. More often than not, policies are the outcome of a political game involving players each seeking, to a greater or lesser degree, to defend their own self-interest. Whether independent or non-independent, research institutes and think tanks could play the role of better informing these policy positions, scientifically, albeit often in a partisan manner. One would expect the outcome of policy making through such a process to be of better quality than without going through such a process.

Indeed, in considering the role of research institutes and think tanks in linking up governance evidence with policy making, one might take the narrow view of think tanks and research institutes directly advising the government on how to improve forms of governance, with a view to improving policy making. However, as the ODI (2009) review notes, available systematic studies of the impact of good governance on policy making are as yet few, and our understanding of how good practices in one culture or society may be transferred to another is often unclear. Rather, we shall take the broader view of these research institutes and think tanks themselves taking part in particular policy making processes and how they, in that capacity, contribute to improving the governance related to that policy making, and ultimately to the quality of that policy making process. One would expect an accumulation of such evidence eventually to enable one also to advise the government, at a more general level, on what best form of governance to adopt in policy making, with due differentiation for sectors and due regard to local cultures and local political and social environments.

This paper considers the case of China where rapid progress in the development of civil society in general, and rapid rise in the role of research institutes and think tanks in policy making in particular, have taken place. The particular instance of policy making that we consider is health, which has been among the most important and most widely debated public policies in China in recent years. Our view is that, as exemplified by the health sector policy making in recent years, China has made enormous strides in the progress towards democratic decision making and better governance. Although final policy decisions are still pending,<sup>2</sup> one expects the improved governance processes related to health policy making eventually to result in a better set of health policies for China's population.

This paper is divided into four sections and a conclusion. Below, Section 1 explores and presents a framework of analysis for tackling the knowledge-policy interface in China, based on the ODI (2009) framework but with some modifications. A review of the emergence of research institutes and think tanks and their role in influencing policy making in recent years in China is provided in Annex 1. Sections 2 and 3 then examine the knowledge-policy link in the health sec-

---

<sup>2</sup> As this paper is being completed, the government has just published its "overarching" reform plan (State Council, 2009), laying out the broad thrusts and directions of the reform but leaving many details unspecified, to be worked out further through, one might expect, continued public participations in discussions and debates. We shall, however, not attempt to reflect the contents and spirits of this important new document

tor specifically. To contextualize the discussion and to give the issues a historical dimension, Section 2 provides a brief review of the recent history of health reforms in China. This is then followed by Section 3 where we examine how research institutions and think tanks have in recent years contributed to better governance in health policy making by directly taking part as important players in the process. Section 4 considers some important challenges that lie ahead for further improving the knowledge-policy link and for research institutes and think tanks to better play their role in this link in China. A final section concludes the paper.

## **1. RESEARCH-POLICY LINK: AN ANALYTICAL FRAMEWORK**

No good policy can be reached without adequate knowledge, and no adequate knowledge can be obtained without appropriate research. Thus, in this sense, research institutions and think tanks play a significant role in generating knowledge (knowledge production). However, given our view of policy making as a political process, research institutes and think tanks also play a crucial role of lending weight to and advocating particular policy positions (policy advocacy). Further, to rally additional support for their particular policy position, research institutes and think tanks may also engage in forming networks with similar-minded research institutes and think tanks (networking). However, while a research institute or think tank may engage itself in all these activities, producing credible knowledge and evidence must be their first and foremost function, for their successful engagement in the other two activities must depend on this, at least in the long run.

A number of factors influence the extent to which research institutes and think tanks can generate credible knowledge and use that knowledge to influence policy making. Some of these factors apply to all policy sectors, while others are sector-specific (i.e. whose level of influence depends on sector). Below, we sketch out these.

### **1.1. General Factors Influencing the Interface of Research and Policy**

#### **1.1.1 Degree of democratization:**

The first is, of course, the nature of a country's political system, in particular its degree of democratization and the role of civil society. Take the extreme case where all policies are made by a single dictator (Arrow, 1951), and are fully subject to his wills and whims. No research institute or think tank can be expected to play any role in influencing policy making here, and indeed none may even be expected to exist. Single-person dictatorships have probably never existed in history. Even those kings and emperors who once appeared to hold absolute power typically relied on the good or bad councils of their trustworthy advisors. Indeed, from time to time in the Chinese history, kings and emperors even expressly sought to seek out wise councilors from the educated class at large. However, historical cases such as these differ from the issues of concern to us at present in one important respect, the complete lack of involvement of civil society in any form of public decision making.

In most countries in the world today, some degree of involvement of civil society in at least some national and local public decision making exists. However, the scope within which this happens differs widely between countries. Variations in scope exist in the availability of formal and informal avenues to access policy makers, the availability of formal and informal channels for the knowledge and evidence generated by research institutes and think tanks to reach policy makers, and the availability of formal and informal mechanisms whereby public consultation over policies take place, whether these are part of the formal institutional requirement, or culturally determined. Obviously the greater the scope in these is, the greater is the involvement of civil society in such decision making, and the greater is the influence which civil-society research institutes and think tanks exercise over policy making, other things being equal.

### 1.1.2 Supply vis-à-vis demand driven research

A research institute or think tank can orient its research to the needs of the government for particular kinds of knowledge and evidence (demand driven), or it can direct its research to issues it views as important and worth investigating (supply driven). This difference can matter to the dynamic of the knowledge-policy interface.

In the supply driven research, the objective is usually to press upon the government and the society at large the seriousness, importance and urgency of an issue or an existing policy failure—the seriousness, importance and urgency that is previously ignored. Such research tends to be focused more on the socio-economic or environmental impact of a situation or policy failure than on finding correct solutions and remedies. The would usually come later, after the government has decided to take on the issue in question. When this happens, demand driven research then kicks in, as the government would then want to know the causes and available remedies. Thus these two kinds of research may be seen as two consecutive phases of one overall process, although the latter phase does not necessarily have to be preceded by the former (the government may decide on its own policy agenda and invite demand driven research), and the former does not necessarily have to be followed by the latter (supply driven research may fail to influence the government’s policy agenda).

Thus while demand driven research is typically about finding corrective policy solutions to identified social problems or policy failures, the use of supply driven research is more about “enlightening” the government and the public at large (Weiss, 1977), as well as about influencing the government’s policy agenda. Given this difference in their intended functions, supply-driven research is likely to be less demanding technically, and probably less controversial as well, than demand-driven research, since collecting facts and figures about an existing situation, even with some preliminary analysis of the causes, is arguably to be less technically demanding than finding the best remedies whose effectiveness only the future can tell, and is likely to be less controversial as well than finding the remedies.

Obviously, this difference in the degree of controversy (or contestation) and the level of technical expertise required between the two kinds of research can have important implications for the character of the knowledge-policy interface involved in the two cases, and for the role of research institutes and think tanks in this interface (see below for a discussion of the relationship between the level of technicality and the degree of contestation of an issue, and the implication of this for the role of research institutes and think tanks in the policy making process).

A country’s degree of democratization and the distinction between supply and demand driven research would seem to apply to all policy sectors equally in their implication for the role of think tanks and research institutions.<sup>3</sup> Other factors, on the other hand, tend to apply to different policy sectors differently. As will be seen, it will actually be difficult to give a full delineation of these factors in that they are often interwoven in their presence and impact. Nevertheless, broadly there appear to be the following sector specific factors.<sup>4</sup>

## 1.2. Sector Specific Factors

### 1.2.1 Level of issue contestation

Viewing policy making as a political game, we begin with the level or extent of issue contestation. Obviously, certain policy issues may be more bitterly contested than others, and this can influence policy making in a major way. In the extreme case, as Weiss (1999, pp. 481-482) notes, “[W]hen issues are highly emotional, or when contending interests have staked out non-negotiable stands, opportunities are small for evaluation to matter”. In these cases, policy mak-

---

<sup>3</sup> This, though, is true only up to an extent. For example, a country’s political establishment may adopt a quite liberal stance on policy making in certain sectors but not in others.

<sup>4</sup> The list given here draws closely on ODI (2009).

ing can be prolonged, or when decisions are made, scientific knowledge and empirical evidence might have little real impact (e.g. the UK adolescent sexual health case discussed in Buse et al., 2006). Where such knowledge and evidence are looked at, their status and validity may be openly disputed. Note that this need not mean that scientific knowledge and empirical findings are hence of little use. It just means that in the nature of policy making as a political game, such knowledge and findings are often used as “political ammunition” (Lindblom, 1968), and are indeed often treated as such. Thus research institutes and think tanks associated with various competing policy positions will still be busy with generating such “knowledge and evidence”, to be scrutinized and refuted by opposing institutions.

In extreme cases, this process of contestation may go on indefinitely in a deadlock. When this happens, the government acts when it has to, either by making a policy change it favors, or choosing the status quo. In other cases, this process may eventually result in certain knowledge and evidence, and their associated policy position, more widely accepted than others, thereby producing a corresponding policy shift. Note that in this case also, the government may not play an entirely neutral role. It may throughout the process choose to lend weight and support to one policy position or another.

Needless to say, where the level of issue contestation is not as high, consensus is likely to be reached sooner and with a higher level of public support, producing a quicker policy response. In these cases, the government is likely to hold less influence over policy direction.

### 1.2.2 Causes of issue contestation

Issues may be contested for a number of reasons including a conflict in values and/or political and economic interests. The former is more likely to produce a non-negotiable position in a policy dialogue than the latter. Where only the latter cause is involved, possibilities of side payments exist, at least in theory, between opposing parties to produce a policy settlement (or reaching a common policy position), and this can happen without any true consensus evidence or knowledge reached between the parties.

Interests are fundamentally negotiable, for a suitable price. But a suitable price may not be possible for legal or other reasons. In these cases, interests can fundamentally divide different policy positions, unless some *consensus* knowledge and evidence emerge. Here lies the role of research institutes and think tanks.

Needless to say, unless they are fully impartial and objective, most research institutes and think tanks do not in the first instance aim to produce such consensus knowledge and evidence, but selectively to produce that kind of evidence and knowledge that serve their particular political position. However, one would normally expect some degree of consensus knowledge and evidence eventually to emerge at the end of such a contestation process.

The nature and extent of political and economic interests involved in a policy change can differ widely across sectors. The policy change in question can result in a zero sum game in some sectors, but a win-win situation in others. Even if it is not exactly a zero sum game, one side might nevertheless lose and another side gain in interest. Would the gaining side gain enough to allow it to make an attractive side payment to the losing side to produce a settlement? If yes, would it then be legal and cultural to do so? And should it be a win-win situation, would both sides win “fairly”, or might one side make a much larger win than the other side? Answers to these questions would appear to depend on sector. But whatever is the answer, the nature of the game for any research institution or think tank associated with a policy position is to highlight the losses in interest the public would suffer should a different position be adopted as policy.

### 1.2.3 Level of technical expertise of a policy issue

The level of technical complexity of a policy issue and the type of knowledge involved in policy making clearly differs across policy sectors. Certain policy issues (e.g. public financing of an essential maternal and child health package) may involve highly specialized knowledge, often of a fast moving frontier, that only a few experts command, while others (e.g. public funding for primary education) involve much less complexity. Indeed, the health and education sectors form a good contrast in that the former involves a much higher level of technical complexity on both the demand (different healthcare needs as opposed to different educational needs) and supply side (different health institutions and professional knowledge needed to provide the care as opposed to different educational establishments and types of teacher). When it comes to design public support systems for these sectors, obviously the former will require a lot more technical expertise from various disciplines than the latter.

A higher level of technical complexity involved in a policy issue can increase the demand for knowledge and produce a smaller number of suppliers of such knowledge. In all, it is likely to discourage certain actors from taking part in the policy dialogue, producing a “smaller network” for the dialogue (Howlett and Ramesh, 1998). A higher level of technical complexity may also have the effect of “depoliticizing” an issue, since in such cases the causes for the underlying social or policy failure that needs redress may then be ascribed, relatively easily, to “technical factors” beyond human control. In any case, highly technical data and evidence could give the semblance of being more “objective”, and they are also generally more difficult to refute.

Having a smaller network and taking the political sting out an issue might shorten the policy making process and produce a faster policy response, so long as the recognized authorities of knowledge in this knowledge-policy interface could agree on such knowledge and evidence. If even they disagree, however, it might actually prolong the policy making process, and indeed even result in prolonged inaction. Disagreement between experts may occur within a single profession, but are more likely to take place between different professions, as experts of these different professions may, whether as a result of their own professional training or otherwise, choose to use different sorts of evidence each related to and highlighting a particular aspect of the policy issue.

This professional disagreement is not altogether unwelcoming. Expertise needed to address a policy issue (e.g. healthcare system reform) does often straddle a range of disciplines and professions. Thus viewed, bringing together experts from each related discipline and profession in an interdisciplinary policy dialogue must, indeed, be a necessary part of the policy making process if sound policy making is to be achieved, even though this may prolong the policy making process itself.

#### 1.2.4 Level of internationalization of a policy issue

Internationalization of a policy issue may occur to different degrees depending on issue. Some issues may directly concern the values and interests of countries other than the one in which the issue is being debated (called intermestic issues in Held, 2004). In such cases, bilateral and multilateral governmental negotiations and dialogues may take place to address the issue and, hopefully, to reach an agreement. Where such an issue does not enter into governmental negotiation and dialogue, epistemic communities and advocacy networks may develop across countries. “In such cases, knowledge might be particularly successful in influencing policy when coordination among transnational actors is achieved” (ODI, 2009, p.15). Indeed, this may even result in a “boomerang pattern” where domestic actors seek the help of international actors to put pressure on their states, with a view to getting these states then to exert pressure on one’s own national government.

The presence of such an international dimension obviously adds an extra factor in influencing the policy choice of the national government, sometimes by directly restricting its choice space. However, the international dimension of an issue need not take the above particularly strong

form, with either the governments entering into negotiation and reaching, hopefully, agreements, or transnational epistemic communities and advocacy groups forming some form of an alliance in exerting pressure on a national government. Even if such direct pressure is not there, the fact that there is an international case (“international experience”) to cite in support of a particular policy position may sway the view and, indeed, the choice of a national government. In the Chinese healthcare system reform debates in recent years, international experiences have indeed been a much sought-after form of evidence, and have played a particularly important role in influencing the debates. One wonders whether the same would have been true had Chinese cuisine been the policy issue instead.

In respect of the international dimension, it has to be added that international agencies can play and have played a particularly important role. They often, however, choose the lesser form of providing international cases and lessons, and analyses and conclusions based on these, to national governments, rather than adopting the stronger form of seeking to directly apply pressure on national governments, whether through direct negotiation with the national governments or through international advocacy groups.

## **2. HISTORY OF HEALTHCARE REFORMS IN CHINA**

The foregoing section considered some common and sector-specific factors determining the role of research institutions and think tanks in the knowledge-policy interface and in influencing policy making. In this and next sections, we consider the specific role that research institutions and think tanks have played in the recent healthcare system reform in China, by applying the broad analytical framework so developed. To contextualize the discussion and to give the debates a historical dimension, however, it will be useful briefly to review the history of health development and healthcare reforms in China in the last 30 years (1978-2008), and to underline the issues central to the debates. This we do in the present section.

### **2.1. Snapshot of the Issues**

Essentially, in terms of the substantive issues under debate (as opposed to the way in which these debates have taken place and how that has influenced policies, issues that we shall look at in the next section), the single most important point of controversy in the 30-year history of healthcare reforms in China has been whether to assign a greater role to the government or the market in funding and providing the population’s healthcare. And this is in reflection of the larger background and thrust of the overall Chinese economic reforms in the last three decades. But more immediately, the most recent round of healthcare system reform debates has been motivated by rising concerns with healthcare equity. China’s performance in this regard in the last three decades since the economic reforms has been particularly poor, with many (especially rural residents) not having any effective health cover until very recently. The level of government health funding has been low, accounting for only 17% of all health expenses (compared with a rate of around 30 or 40 percent in many other developing countries). The share of central government funding for health has been even pettier, accounting for a very insignificant percentage in total government spending on health (only around 3% of the total government health spending for recurrent expenses). The general market-oriented health reform thrust over the previous decades, the lack of government funding in general, and the lack of central government funding in particular, have all significantly contributed to the very poor record in healthcare equity that China has registered in recent decades.

### **2.2. History of the Reforms**

By and large, the entire course of healthcare reform may be divided into five main stages: Prelude to Reforms (1978-1984); Early Reforms (1985-1991); Deeper Reforms (1992-1999); New Property Rights-Centered Approaches (2000-2004); and Choosing a New Reform Direction (2005-present). Below will briefly review these five stages and provide for each a brief summary

of its contemporary social background, central points of controversy, relevant reform policies, and the impact of the reforms.<sup>5</sup>

### 2.2.1 Prelude to reforms: Economic management of hospitals

The 30 years of planned economy that followed the founding of the People's Republic of China in 1949 had brought a great deal of institutional support to the development of healthcare at the time. In the context of relatively backward economic conditions and limited social resources, China had succeeded in achieving a massive improvement in the nation's health. For a while, this classic "Chinese model" elicited widespread praise from the international community. Nevertheless, that model also contained a number of flaws, including a poor overall level of healthcare, shortages in healthcare resources, poor and inconsistent hospital management resulting in low efficiency, as well as an imbalanced allocation of medical resources between urban and rural residents, workers and farmers, cadres and non-cadres, and so on. By the end of the 1970s, these problems had become obvious to all.

In 1978, the historic Third Plenary Session of the 11<sup>th</sup> Central Committee of the Communist Party (CPC) heralded the dawn of reform in China. In response to the aforementioned problems, the Ministry of Health launched its own "hands-off" program of healthcare reforms (HCR). Thus began the healthcare reforms in China in recent decades.

The first stirrings of the Ministry of Health's enthusiasm for reform can be traced back to the Nanchang Conference of 1978, when it announced an economic reform of China's hospitals. On New Year's Day of 1979, less than a month after the convening of the Third Plenary Session of the 11<sup>th</sup> Central Committee of the CPC, the Minister for Health Qian Xinzong categorically stated that "health departments must operate according to economic rules" and that "economic methods must be employed in health administration", in order to eliminate the inadequacies caused by the planned-economy system. In April of the same year, the Ministry of Health, the Ministry of Finance and the State Labor Bureau collaborated to produce a series of reform plans concerning pilot-studies for the economic management of hospitals, including fixed-rate subsidization, economic appraisals and reward assessments. Five hospitals from five different provinces (Heilongjiang, Jilin, Shandong, Hebei and Zhejiang) were selected as "model hospitals" whose examples and management practices were to be copied across the whole country.

Nevertheless, at this time public hospitals still maintained a monopoly grip on the provision of healthcare. However, in 1980, that changed. In that year, the State Council and the Ministry of Health came to an agreement on the issue of private healthcare, stating: "The existence of privately provided healthcare is henceforth legally recognized".<sup>[6]</sup> This was the first challenge to the monopoly enjoyed by public hospitals.

However, just as the old system was being dismantled, disputes began to emerge about the nature of the healthcare system as a public welfare institution rather than as an economically oriented entity.<sup>[7]</sup>

### 2.2.2 Early reforms: Market led provision

In October 1984, on the occasion of the Third Plenary Session of the 12<sup>th</sup> Central Committee of the CPC, the focus of national economic reforms switched from the countryside to the towns, and HCR formally began. Its key goals were: "Reforms must commence; government policies must be relaxed; the government must devolve power and become smaller; more sources of

---

<sup>5</sup> The following review of the history of health reforms in China since 1978 draws closely on the account given by the present authors in their chapter "Arduous Journey, Ceaseless Search: Thirty Years of Healthcare Reform in China", in the book edited by Kaining Zhang (2008).

<sup>6</sup> State Council, "Comments for the Ministry of Health concerning its preliminary report entitled 'Issues relating to the permitting of privately run health organizations'", 1980.

<sup>7</sup> Cao, Haidong; Fu, Jianfeng. "Twenty Years of Health Care Reform: Failure cannot simply be blamed on 'marketization'", *Southern Weekly*, 4<sup>th</sup> August 2005 .

funding must be found; more ways must be found to improve healthcare conditions and to address the health situation in China".<sup>[8]</sup> The basic principle of the reforms was to "devolve power and share economic benefits; increase the autonomy of hospitals; loosen regulations to invigorate the sector; raise the efficiency and benefits of hospitals". In practical terms, these reform measures essentially meant the government "giving only policies, but not money". The reforms led to two models: the "Xiehe model" on reforming the operational management of healthcare institutions, and the "Kunming model" on contracting out logistics sections of these institutions.

This period of reform resulted in great improvements in efficiency and health service volume. This was apparent not only in the massive increase in utilization rate of hospital beds, but also in the quantity of medical treatment rendered and a greater availability of advanced medical equipment.

Yet while the economic reforms improved the material and cultural conditions of people's lives, they also prompted a rise in the demand for healthcare services. As a result, in spite of the marked increase in service capacity of the healthcare facilities, there remained an acute imbalance between supply and demand. To deal with this problem, the State Council put forward a series of new guidelines on deepening reforms of the health service in 1989. Of these, the most important were: promoting all forms of contract responsibility systems; allowing doctors to take a second job and/or undertake paid overtime at their usual place of work; permitting greater service-fee differentials according to the quality of service rendered; encouraging the provision of higher-fee service items; allowing hospitals to determine their own registration fees, hospitalization fees and surgery fees according to local conditions; encouraging the use of secondary service items as a source of funding for primary ones, etc.

However, it was during this period that HCR precipitated a series of other problems. The most significant were a sharp drop in the share of health service funding provided by the government, a rapid collapse of the three-tier rural healthcare system, and a serious slide in the service ethos arising from health institutions' over-zealous pursuit of profits.

### 2.2.3 Deeper reforms: Market-led provision but with social responsibility

In 1992, China defined its reform targets as for laying the foundation of a socialist market economic system. All businesses and trades took the cue to speed up their market-oriented transformation, relying on the government for major policies and infrastructure but becoming otherwise self-sufficient. The Ministry of Health quickly issued a series of statements relating to deepening reforms in six major areas including service effectiveness, funding channels, operational mechanisms, management and development, the medical security system, and the international market.<sup>[9]</sup> These contained even more explicit proposals relating to issues of regional autonomy, organizational autonomy, paid services, and the use of secondary services as a way of raising funds for primary ones. Furthermore, the statements conveyed a clear signal that the government's role in providing healthcare services was to diminish in favor of the market.<sup>[10]</sup> Hence, the pace of market-oriented health service reform stepped up a notch. The most visible sign of this transformation was the emergence of private hospitals and specialist medical and nursing

---

<sup>8</sup> State Council, "Notice concerning comments for the Ministry of Health on its report entitled 'Report concerning a number of policy issues connected with the health service reforms'", State Council documents (1985) No.62.

<sup>9</sup> State Council, "Comments for the Ministry of Health concerning its report entitled 'A number of suggestions concerning the deepening of healthcare reform'", September 1992.

<sup>10</sup> For example: "Suitable units may organize themselves into economic entities or administer themselves as business enterprises. Such units may run themselves autonomously and take responsibility for their own profits and losses. Units that do not require government subsidization are entitled to more flexible employment arrangements. One hospital is permitted to try out two or more different management and remuneration models; shareholding healthcare organizations are henceforth also allowed to exist." (Ministry of Health, "A number of suggestions concerning the deepening of healthcare reform", 1992).

care within public hospitals, as a measure to open up more funding sources. Meanwhile, a large number of new drugs and medicines started to appear on the medicine market.

In response to the pervasive appearance of the above phenomena, the government began to stress the need for HCR to successfully balance economic pursuits with “social responsibility”. In 1997, it categorically stated that the fundamental principle of the reform and development of the health service sector was to “maintain the core goal of serving the people and properly resolve the relationship between social benefits and economic profits. Social benefits must always come first. The tendency towards shortsighted seeking of economic profits at the expense of social benefits must be stopped.” At the same time, it confirmed that the government had a major responsibility towards the development of public health in China. However, while every level of government was expected to invest more heavily in the health sector, the central government also urged local governments to mobilize every level of society to spend more on health, all the way down to the individual citizen.<sup>[11]</sup> In 1998, the State Council decided to introduce a national reform of the medical insurance system for urban workers. The new medical insurance system would be able to cover urban workers’ basic medical needs through a three-way division of medical costs between government, enterprise and employee, with each contributing according to their capacity. The new policy further embodied the principle that HCR should “fit in with the socialist market economic system.”<sup>[12]</sup>

The main targets of this period of reform were to further increase service supply, relax administrative controls, step up supervision and encourage competition. The reforms’ greatest success lay in allowing those more financially secure a greater range of choice and access to even better treatment. Furthermore, in spite of inadequate government funding, the number of healthcare institutions rose dramatically during this period. However, the problems that arose were also roundly condemned: the soaring cost of medical treatment, illness-caused poverty of a large number of people, and increased inequalities between urban and rural residents, as well as inequalities based on ownership and employment in the access to healthcare.<sup>[13]</sup> These issues in fact triggered the second round of public controversy over the direction that the healthcare reforms were taking, the first having taken place in the early 1980s, during the first phase of HCR. The growing debate over whether medical care should rely on government provision or be marketized shook the health system and the rest of society.

#### 2.2.4 New approaches to reform: Privatization

In 2000, the State Council initiated a new round of reform of the medical and health services that aimed to further motivate medical and health personnel, improve the allocation of health resources, raise the quality of health services, streamline the production and circulation of drugs and suppress the runaway increases in their cost. The reforms touched on 14 distinct issues, including the administrative role of the Ministry of Health, the division of role between hospitals at different tiers, the administration and cost assessment of medication and drugs, the cost of medical treatment, allocation of personnel, etc. However, the topic that caused the biggest stir since the start of HCR in the 1980s concerned the change in property rights for public hospitals. The reform contained a series of substantive relaxations in policy in this respect: “Break down the administrative dependence of medical institutions on the government and the restrictions on ownership”, “Relax price controls for medical services in profit-based medical institutions, grant such institutions operational autonomy and tax them according to the law”, and “Encourage every kind of medical organization to cooperate, merge and form medical service

---

<sup>11</sup> State Council, “Decision of the Central Committee of the Communist Party of China and the State Council concerning Public Health Reform and Development”, 1997.

<sup>12</sup> State Council, “Decisions relating to the founding of a basic medical insurance scheme for urban employees”, (State Council papers 1998 No.44), 1998.

<sup>13</sup> In order to combat these problems, the Ministry of Health decided to impose a new system whereby hospitals were administered separately according to the level they belonged to. It hoped that this government control would help to “achieve regulated cooperation and competition”.

conglomerates". This "loosening" of policy was a turning point in the official recognition of market-oriented healthcare reform.

In fact, the phenomenon of public hospitals being sold off had already become apparent in 1999. The cities of Haicheng (Liaoning province), Xiaoshan (Zhejiang province) and Linyi (Shandong province), as well as Shehong County and Tongjiangdu County (both in Sichuan province) had, to differing degrees, already auctioned off township and even city hospitals. However, the most important and most controversial case was that of the city of Suqian (Jiangsu province). Over the course of five years, Suqian had auctioned off 133 public hospitals (all but two of its total), leading to a situation where "government funds had effectively completely withdrawn from the medical sector."<sup>[14]</sup> Strongly encouraged by Suqian's example, foreign investors and private entrepreneurs eagerly lined up billions of yuan, in the hopes of finding their way into these hospital reforms, as encapsulated by the reform in hospital-ownership rights. However, incompatibility between the Ministry of Health, local governments, hospital administrators and investors over their respective interests, and the nation's reflections on the flaws in the public health system in light of the 2003 outbreak of Severe Acute Respiratory Syndrome (SARS), led instead to a period of renewed confrontation between the proponents of marketization and those of government provision, even within the health service.

#### 2.2.5 Choice of a new direction for reform: Concern with equity

As HCR has proceeded, the average Chinese citizen has struggled ever harder to access and pay for medical treatment. In 2000, 59% of the nation's total expenditure on health came out of afflicted individuals' own pockets, while government budgetary expenditure only accounted for 15.5%.<sup>15</sup> In addition, a large number of serious institutional problems within the healthcare system have become impossible to ignore, the most egregious examples being the inequality in health service funding and access and the inefficient allocation of health resources.<sup>[16]</sup> In 2005, calls were first heard within high levels of the health authority that "Privatization is not the right direction for healthcare reform".<sup>[17]</sup> However, what really rallied the nation's attention and set off a fresh round of discussion about the design of the healthcare system was the report entitled "Appraisal and recommendations concerning the reform of China's healthcare system", released by the State Council Developmental Research Center in July of that year, with the central conclusion: "Overall, the reforms have not been a success."<sup>[18]</sup> This report held that the roots of the current predicament for HCR lay in more than 20 years of "commercialization and marketization, which have contravened the basic principles for the development of health and medicine", and that this has essentially been caused by a lack of understanding of the particular nature of healthcare and insufficient financial support for health from the government. Therefore, "the key issue is to strengthen the government's responsibility."

Can the reforms' lack of success simply be attributed to marketization? Academics and health experts have since hotly disputed the relative roles of the government and the market in the provision of healthcare services in China, with many advocating their own particular programs of reform. The State Council founded a special "Health Care Service Reform Coordination Group" in September 2006, led by the National Development and Reform Commission and the Ministry of Health, but involving the participation of more than 12 other commissions and minis-

---

<sup>14</sup> Cao, Haidong. "Healthcare reforms in Suqian County", *Southern Weekly*, 21st July 2005.

<sup>15</sup> Ministry of Health, *China Health Statistical Yearbook 2007*, 2007.

<sup>16</sup> In fact, even back in 2000, the WHO had already ranked China 188<sup>th</sup> out of 191 member countries in terms of equity of health funding and distribution. In terms of overall health performance, China was ranked 144<sup>th</sup>.

<sup>17</sup> On the 24<sup>th</sup> May 2005, "Hospitals" magazine published a speech by Xinming Liu (Director of the Ministry of Health's Department of Policy and Legislation) on its front page. The headline was "Marketization is not the right direction for healthcare reform".

<sup>18</sup> Project Group of the Development Research Center of the State Council, "Appraisal and recommendations concerning the reform of China's health care system", *China Development Review*, 2005 Supplement (1).

tries. However, the “pro-government provision” reform program that was advocated by the Ministry of Health in early 2007 provoked intense debate, which centered on how and, above all, to what extent the government should become more involved in healthcare provision. At the end, the HCR Coordination Group decided to appoint 11 different organizations to provide ten independent, parallel reports on reform programs (see Box 1 for more details of this new round of healthcare system reform).<sup>[19]</sup> Although the final program has yet to be announced, there have already been two clear signs of substantial progress: the first is in the piloting of basic medical insurance for urban residents,<sup>[20]</sup> the second is in the way that ideas such as “establishing a basic healthcare system” and “strengthening governmental responsibility and commitment for health” were stressed during the 17<sup>th</sup> National Congress of the CPC. These two developments simultaneously indicate how the government now sees its future role in the health sector and the manner in which it should become involved.

**Box 1: The Chinese Healthcare System Reform**

In July 2005, a report written by a research team from the Development Research Center (DRC) of the State Council argued that “The healthcare reform in our country was basically unsuccessful”. This started the large scale discussion in China about the problems of healthcare and its reforms in China.

In September 2006, led by the National Development and Reform Commission (NDRC) and the Ministry of Health (MOH), 14 national ministries formed a multi-ministry Health Care Reform Coordination Team (HCRCT) entrusted with the responsibility of preparing a comprehensive plan for national healthcare system reform. According to the arrangement, each ministry would put forward its own proposal, and they would then meet to discuss how these separate proposals could be merged into one comprehensive plan. However, after three months, they failed to do so. The reason was that each ministry very much prepared its proposal in line with its own departmental interests, rather than the larger aim of improving the national healthcare system. By and large, the MOH argued for a supply side oriented reform package involving the government principally investing in public hospitals, while the Ministry of Labour and Social security (MOLSS), another member of the 14-member team, favored a demand side oriented reform package involving the government principally subsidizing individual citizens to participate in health insurance schemes with a view to fully achieving national coverage. Clearly, it was difficult to reach any agreement within the HCRCT. To solve this impasse, a new form of policy deliberation and consultation was subsequently adopted.

At the beginning of 2007, the HCRCT invited six organizations each to organize an expert team to make independent recommendations on the healthcare system reform. The six organizations were Peking University, Fudan University, DRC, WHO, McKinsey, and the World Bank. These six organizations were later joined by Peking Normal University in April 2007, Renmin University of China in May 2007, Tsinghua University in collaboration with Harvard University in June 2007, and the Chinese Academy of Sciences in February 2008.

In May 2007, experts of the first eight organizations met with the members of the HCRCT to discuss the submitted proposals. Since the recommendations of the eight proposals differed widely, the discussion was extremely heated, which went on for the following months.

Based upon a total of 10 proposals eventually submitted, the government finally released a draft master plan in October 2008, integrating as much as possible recommendations from vari-

---

<sup>19</sup> These ten organizations are respectively: Peking University, Fudan University, Development Research Center of the State Council, WHO, McKinsey, World Bank, Beijing Normal University, Renmin University of China, Tsinghua University and Harvard University.

<sup>20</sup> In September 2007, the State Council announced “Proposals concerning the launch of pilot sites for urban residents’ medical insurance”. It decided to initiate the pilot in 79 different cities that year, with the intention of expanding the scheme so that it would cover the whole country by 2010.

ous proposals. For those parts where major disagreements still existed, it kept a rather open stance by allowing different models to be adopted in future pilot implementations in different regions. Additionally, this draft master plan proposal has been released to the general public for further comments and feedbacks. The final reform blueprint will not be finalized until after the general public has had an opportunity to have its opinions heard.

### **3. ROLE OF THINK TANKS AND RESEARCH INSTITUTIONS IN CHINA'S HEALTHCARE REFORMS**

In this section we apply the basic framework developed in Section 1 to examine the role of think tanks and research institutions in China's healthcare reform and policy making. We argue that their role had been very limited until the most recent round of healthcare system reform. We also demonstrate that the intense controversy (contestation) shown in this recent round of reform had to do with, on the one hand, a renewed emphasis on equity and, on the other, basic economic interests of the major actors. Level of technical expertise involved and international experience also played their role in influencing the debates and policy deliberations. The course of the recent round of reform began with a supply driven research report released by the DRC in summer 2005, which triggered the wide-spread debates not only between the traditional major actors (the various government ministries and departments) but also in the media and among the general public. The participation of the media and the general public in the debate, beyond the formal think tanks and research institutes, has contributed to the enshrining of some minimum health equity as a basic principle in health policy making. However, subsequent demand-side driven research, focused on finding adequate policy solutions to the problems, have largely been confined to a few research institutes and think tanks. These research institutes and think tanks have, however, not only acted as producers of knowledge and evidence, but also as advocates for their favored policy position. And thanks to a highly liberal stance adopted by the government in this case, there has been continued participation of the media and general public in the issues. In net terms, while this highly participatory process has prolonged decision making, one expects better decisions eventually to emerge.

#### **3.1. Degree of Democratization**

Like other areas of policy making in China, policy making in health in the early phases of the reform when China had just emerged out of the Cultural Revolution was highly bureaucratic and non-participatory; that is, decision making was done by only a few responsible government bureaus and their officials, perhaps following the instructions of some senior officials and leaders, and often in reflection of some larger reform program that the nation has embarked on. This process of decision making may well produce a correct policy, but generally it has some important flaws. First, the objective for which the decision is made might be misplaced. Secondly, even if the objective is correct, decisions on the means to achieve the objective are often made on rather slim evidence, which could be based on mere personal experiences and observations of the officials and leaders involved, or questionable data and analyses produced by the research staff belonging to the government bureau in question. This appears to be broadly true of the first two phases of the healthcare reform.

In the late 1980s and early 1990s, in light of many previous policy errors and in view of the increasing complexity of most policy issues and the increasing magnitude of the consequences if a mistake were to be made, the leadership stressed the need for "scientific and democratic" decision making, which we may understand to mean a more evidence-based and more participatory decision making process. ("Participation" here need not mean participation by all stakeholders, but by the relevant sections of the scientific community.) As noted in Annex 1, during this period, many government and semi-government think tanks and research institutions emerged. In the health sector, for example, the Health Economics Research Institute of the

Ministry of Health was set up in 1988. The emergence of these research institutes improved the evidence base of many policies but because they were so connected with and indeed were a close part of their respective super-ordinate government ministry or department, their role in initiating a policy debate and challenging an existing policy was understandably limited.

Health policy making had generally been closed to think tanks and research institutions other than those immediately affiliated to the MOH and other related government ministries and departments, and closed to the general public, until the most recent round of healthcare system reform. With the rise of a much more liberal political leadership taking over the helm of the Chinese economic and social reforms in 2003, a report by the DRC on past healthcare reforms was released in 2005. The report was critical of the past policies, and the subsequent process eventually galvanized both government and independent think tanks and research institutions and, indeed, the media and the general public. This greater degree of democratization politically paved the way for a period of heated, sustained and wide-ranging public debates on existing situations, past policy errors, and future policy directions that China has never seen either in health and in any other policy sector in recent decades.

### **3.2. Level and Causes of Contestation**

The unprecedented level of participation by the think tanks and research institutions and the media and the general public in the debates was of course because the issues involved were indeed serious and important, touching certain basic ethical and ideological principles and values that many held dearly. These aside, major political and economic interests were also involved, as will be seen below.

#### **3.2.1 Ideology and ethics**

Ideologies have played an important role in shaping modern Chinese history, including the recent reform history. Before the economic reforms, the socialist ideology had once dominated the political and economic landscape. The disappointment with socialism and the centrally planned economic system, the failures of which became apparent by the time the economic reforms began in the late 1970s, led many to turn to the alternative market ideology, represented by an unquestioned faith and belief in the efficacy of the market system, often citing the western developed market economies as examples.<sup>21</sup> This ideological reversal, taking place in China in the last few decades, explains many of the reform policies that we see over this period, and, indeed, in the health sector. It also explains why the single most important point of debate and controversy through all phases of Chinese health reform has been the respective role of government provision vis-à-vis marketization.

Ideology aside, socialist principles also emphasize equity, while unbridled market forces usually give rise to enormous gaps between the rich and the poor, and between those who can afford basic healthcare and those who cannot. Over the course of the ideological reversal that emphasized giving a greater and sometime unlimited role to the market, many obvious inequities began to appear in healthcare, blatantly offending some of the deeply-held ethical principles for many, resulting in increased tensions within society that threatened social stability. Indeed, the reason why most people in China view past health reforms as a failure is precisely that they resulted in such unacceptable levels of inequity in healthcare access. And the fact that healthcare and health policy issues received such wide-spread, sustained and intense attention from the public in the recent healthcare system reform had everything to do with this basic point.

---

<sup>21</sup> The issue of the respective role of the government and the market in the allocation of resources, and the extent of their respective failures, has concerned the economic profession ever since Adam Smith. Increasingly, however, the issue has become highly ideological, with supporters (opponents) of the market and the government each insisting on a particular position, often without much regard to the evidence, in part because the evidence that there is is often inconclusive, but also because one might insist on one's particular position in spite of overwhelming evidence against it.

Both because the issues touched some deeply-held ethical principles of the majority of people, and because of the unprecedented participation of the public in the debate, an important consensus is now reached in China, namely, that a minimum level of health equity must be achieved, and that achieving it is, moreover, the responsibility of the government. Exactly what is meant by a minimum level of equity is, however, still open to debate. Generally, it is now accepted that it could take the form of an essential healthcare package, but consensus remains to be established as to the exact content of such a package.

Through wide-scale public discussions, a consensus has also been reached on the specific need for the government to allocate more of its fiscal resources to healthcare, in particular from the central and other high-level government budgets, if minimum health equity is to be achieved. Indeed, the current problems of high levels of inequity in healthcare access among regions and between urban and rural areas not only has to do with a lack of government funding in general, but also has to do with a lack of central and other high-level government funding in particular. The current highly decentralized system of government health funding, under which over 50% of the funding responsibilities lie with local county and township governments, in combination with the very high levels of regional disparity in economic development (say, measured in terms of per capita GDP or income), has directly contributed to a high level of inequality in government spending on healthcare among the counties and between rural and urban districts. A broad consensus is now reached that this system of government health funding has to change. However, there has as yet not been much open discussion, let alone consensus, as to what alternative new system of public health funding should be in place. Nevertheless, there have been a number of studies commissioned by the Ministry of Finance to look at the issue. One such study concerns the role of central funding in promoting maternal and child health in China, commissioned by the MOF and UNICEF (China) jointly, and undertaken by the Center for Human and Economic Development Studies (CHEDS) of Peking University (see Box 2 below).

### 3.2.2 Economic interests

In the current Chinese healthcare system reform debates, it would also appear that economic interests have played no smaller role. One view holds that increased government funding should principally take the form of increased government subsidies to various healthcare institutions, especially those that provide essential services (i.e. those of the essential package), to cover all or part of the costs involved in providing the services (personnel, equipment, consumable, building and infrastructure costs, etc.), so that these services can then be provided to users free of charge, or at a subsidized rate. This is called the supply side funding view, as in this case government funding would principally be channeled to the supply side of the services. This need not necessarily mean that the government, at various levels, directly runs and administers the healthcare institutions providing the services in question (i.e. public hospitals), although one strong form of the view does actually envisage this. It could also take the form of the government using the funding to “buy” the services in question from various providers which could be privately run and privately owned. Whichever is the case, the transaction takes place between the government and the providers without ever directly involving the users (it could, of course, be envisaged that some representatives of the users sit on some special government committees).

Diametrically opposed to the supply side funding view is the demand side funding view, which holds that the government should channel its funding principally to the demand side, by providing universal health insurance, to be funded or heavily subsidized by the government, to every citizen for the designated services. This could take the strong form of the government giving everyone an insurance policy with which a user can then buy the services covered from a provider of his or her choice. This will maximally ensure the involvement of the users in the choice of the provider. But it could also take the weak form of the government making a deal with some private insurance agencies, or indeed directly organizing its own special agencies, such

that these agencies then make the choice of providers on behalf of the users on cost effectiveness grounds.

In terms of economic interests involved, supply side funding would certainly benefit the existing staff of public hospitals and other public health institutions. For years these providers have been increasingly depleted of public funding and have been forced to find their own revenue and income through providing commercially oriented services. If the increased government health spending were to be channeled to them in the form of grants and subsidies, obviously it would be good for these providers and the staff working in them. And since the MOH is the responsible ministry for these institutions, there is a natural tendency for it to represent their interests. On close inspection, many of the proposed policies put forward by the MOH and its affiliated think tanks in the recent round of reform indeed appear to favor the existing public providers much more than other proposals do.

In response to the proposals put forward by the MOH and its affiliated think tanks and research institutions, other think tanks and research institutions have emphasized protecting the interests of service users. Early disappointments with public healthcare providers were a powerful reminder that consumers/users could lose under a system dominated by public providers. Institutionally, the interests of the users were also able to find a powerful ally in the current government setup, the then Ministry of Labor and Social Security (MOLSS), and now the Ministry of Human Resources and Social Security. The reason is that MOLSS was the ministry entrusted with the responsibility of administering the Urban Employees' Health Insurance Program, a health insurance scheme set up in the late 1990s to provide insurance cover for those urban residents with formal employment, and was expected to be widened to cover all urban residents (the MOH, on the other hand, has been entrusted with the rural counterpart to this, the New Cooperative Medical Services Program). Understandably, in contrast to the MOH, MOLSS has put forward various proposals that emphasized safeguarding the users' interests in the design of the new healthcare system.

Much of the course of the recent healthcare system reform debates has been, in fact, engrossed in the controversy over the choice of supply side vis-à-vis demand side funding. Think tanks and research institutions that have taken part in the debates have often favored one or the other position. These seemingly opposing positions also find powerful voices within the government, along departmental or ministerial lines. As of today, the controversy still continues, and is unlikely to subside until the top leadership takes a firm decision in one direction or another.

### **3.3. Level of Technical Expertise**

Until very recently in China, health policies have been a reserved policy sector for the medical profession. This seemed to be something natural as healthcare services are, after all, provided by the medical profession (doctors, nurses, medical technicians etc.), and only they would know how best the system should be designed, organized, and managed. Under the centrally planned system where each sector was expected to perform according to some centrally assigned targets, this also seemed to be the right thing to do.

When the objective was to break away from such a system, and when the issues to be addressed included efficiency of resource use, users' choice, equity, the role and manner of government funding (rather than full government funding for all the services), and the role of the market etc., complete reliance on the medical profession became no longer sufficient and appropriate. System designing now requires expertise that goes far beyond that of the medical profession. As well as medical expertise, it now requires the knowledge of economists and other social scientists.

Bringing economists and other social scientists into the debate gives rise to challenges of interdisciplinary dialogue. Many health sector problems touch on issues across disciplines, and solu-

tions to them require an interdisciplinary approach. For example, designing an appropriate package of essential maternal and child healthcare services requires the expertise of MCH specialists, but designing an effective public funding mechanism for it will need the knowledge of public financial specialists, economists and other social scientists, including even political scientists if the issue of transition from the current funding system to the new system is also considered. In the study of the role of central funding for essential MCH services carried out by CHEDS of Peking University, exactly such an interdisciplinary approach and effort was attempted, quite successfully (see Box 2 for more details of this study). But there have also been cases where outcomes of interdisciplinary cooperation have fallen short of expectation.

In the recent Chinese healthcare system reform, because the central issues concerned the role of government provision vis-à-vis the market, and the choice between supply side funding and demand side funding, including how to institute and manage a nation-wide health insurance scheme, economists and other social scientists have had the limelight, so much so that all the first nine overarching proposals of the new healthcare system (see Box 1) were commissioned to them, without any significant involvement of the medical profession. It was only at a rather late stage that the medical profession began to assert its voice. The last and the tenth proposal was submitted by the Chinese Academy of Sciences, purportedly on behalf of the medical profession at large.

Many issues in the recent reform debate required a high level of technical expertise, be it from the economics, medicine, public health, or public finance profession. Where an issue required such specialist knowledge, scope of effective participation in the debate was indeed narrowed down, in some cases limited to only a handful of research institutes and think tanks (as in the case of defining the content of an essential healthcare package and designing the public financing mechanism for it). However, the new ethos of public discussion, media attention, and a proactive stance on the part of these think tanks and research institutes to play the role of advocacy for their favored policy positions, has meant that the public has actually been kept, by and large, well informed of the larger trade-offs, risks involved, and interests at stake. So yes a smaller network effect, but not quite.<sup>22</sup>

As the ODI (2009) review rightly points out, increased technical complexity of an issue, and the accompanying increased need for technical expertise, can help to de-politicize an issue. And this appears to have been the case with the recent Chinese healthcare system reform. Initially, the rapid rise in health inequity of various forms was causing a great deal of social tension, which did appear to pose a serious threat to the stability of the society. In some way, recent debates have helped to inform the public of the associated difficult tradeoffs and policy dilemmas that the government faced. This has helped to make the public much more understanding of the present policy predicament, thereby significantly taking the political sting out of the issues.<sup>23</sup>

**Box 2: CHEDS and Central Government Financing of MCH Services**

Sponsored by the Save the Children (UK), CHEDS carried out its first study of child healthcare services in 2007. Conclusions of this research called for expanding the role of public finance in promoting the utilization of child health services to reduce economic barriers to the access to those services, increasing the capacity and accessibility of child health services, and improving the fairness and efficacy of child health service utilization. In the report completed by CHEDS

---

<sup>22</sup> For example, supporters of the supply side and demand side funding views have both published their calculations of the extent of government funding involved in each case, and sought media attention to their results, in a bid to win public support to their favored policy position.

<sup>23</sup> A measure of this is that in the early phases of the recent healthcare system reform debates, the government was anxious to institute policies very soon (within a year) to respond rapidly to public condemnations of stark health inequities and inability of many to access even the basic healthcare. That deadline was time and again postponed in realization of the complexity of the issues involved, with a receptive and understanding public accepting these postponements, without causing any outcry over what might be construed as government inaction.

and entitled "An Investigation into the Funding of Child Health Services in Rural China", detailed recommendations were made on the precise funding model to be adopted by the government.

Immediately following the Save the Children study, UNICEF (China) and the Chinese MOF jointly commissioned CHEDS to examine the role of central public funding in improving access to maternal and child healthcare services in rural China. The MOF and UNICEF were interested in finding out the real situation of MCH financing in rural China, and what the central government could and should do in terms of the level and mode of funding. After over half a year of intense study, CHEDS provided detailed policy recommendations in a report submitted to the UNICEF and the Chinese MOF.

This first report provided an important reference for the MOF in making decisions on central financing for MCH services. However, the MOF also wanted to know what the exact list of such services (the essential MCH package) should be, for which it should provide funding, and how much central funding it should provide. CHEDS was therefore commissioned again to study these issues in a follow-up study, with the following two specific objectives.

-- To define a national essential maternal and child health services package, including the kinds of services to be included, their target users, service duration, appropriate technology, standard number of visits, and basic equipment requirements;

-- To estimate the standard costs of this essential package, calculated separately for urban and rural areas, and for each province.

The final report submitted by CHEDS provided the UNICEF and MOF with a clearly defined essential MCH package and its estimated costs, and a set of recommendations on how to channel and manage central funding for these services. We expect these recommendations to exert an important influence on shaping future policies on Chinese central funding for MCH services.

### **3.4. International Dimension**

In health policy making in China, as in other sectors of public policy making in the country, "international experiences" have for long served as an important reference. However, international experiences can be varied and diverse. Depending on one's favored policy position, one may be able to select one's own supporting international case. Thus the supply-side funding view has cited the UK NHS case for support that involves the UK government channeling its health funding principally to the supply side, while the demand side funding view stressed the relevance of the German model that relied on publicly funded and subsidized health insurances.

While international experiences do not offer conclusive evidence in favor of one policy solution or the other (demand-side vis-à-vis supply-side funding, government provision vis-à-vis marketization), international experiences do offer pretty conclusive evidence that, after being the world's successful example in health development in the earlier years (achieving rapid improvements in people's health with few resources, and at a high level of healthcare equity), China has fallen back in these respects when its performance in the last 20 to 30 years is judged against that of many other countries. These comparisons have reflected very poorly on China indeed, and this has helped to raise awareness of the problems and galvanize support for taking action, from both the public and the government.

For various reasons, except for the international agencies such as WHO and UNICEF, and a few dedicated researchers of Chinese health issues, no major international concern and attention was actually present whether before or during the recent reform debates. There was no major involvement or pressure from the international community, through various think tanks, research institutes and pressure groups (as said, other than those international agencies such as the WHO, UNICEF and some dedicated researchers), for China to do any thing about its serious

health problems, even though these are, in fact, life and death issues for many. Consequently, there was also no “boomerang” kind of effect to speak of.

Throughout the debates, international agencies such as the WHO and UNICEF were actually cautious not to favor any one policy position or the other, limiting themselves to highlighting the seriousness of the issues involved, analyzing the causes, and presenting possible policy options based on international experiences and lessons that they knew. That is, they very much limited themselves to only giving policy advice, and not acting as some pressure group attempting to advance the course of any particular favored policy position.

Thus it would appear that the international dimension has indeed been important in influencing policy making in the recent Chinese healthcare system reform, but largely in terms of raising awareness of the issues and agenda setting, and not so much in terms of offering exact policy solutions. In so far as it did exert an influence on finding policy solutions, its role was limited to providing possible policy options (laying out the full choice space, so to speak) and supporting international experiences and lessons. This is understandable, for China after all does have its special or even unique conditions, and in any major policy making, history and culture would almost always matter. It would be naive to expect that China could somehow follow any particular tried model in the world, for health as for other sectors. What China normally does is to learn about these possible models and options, and then synthesize them and decide on what it deems as the best model in light of its analysis and understanding of the cause and the nature of the problems it faces.

### **3.5. Supply-Vis-À-Vis Demand Driven Research**

The recent Chinese healthcare reform debates clearly indicate that the character of the knowledge-policy interface in policy making for an issue, and the level of debates and contestation connected with that, as well as the specific role research institutions and think tanks can play in this process, depends also on whether one is looking at the supply-driven research part of the process (if there is such a stage), or the subsequent demand-driven research part. China’s recent healthcare system reform debates have had both stages.

The first supply-driven research stage started with the publication of the DRC report that concluded that the earlier health reform attempts were largely unsuccessful. As noted, this started a period of heated discussion and debates of the nature of the Chinese existing healthcare system and the extent of failings, the value of health and its wider determinants, what a well-functioning healthcare system should aim to achieve and how it should achieve its objectives, and what is the role of the government in all this. During this first phase, debates were extensive, with wide and an unprecedented level of participation from the public as well as from various think tanks and research institutions. The reason for this high level of participation was first that the issues were indeed serious and important, but it was also because the issues discussed at this stage were not as technically complex as in the second stage of finding exact solutions to the problems. Nevertheless, this early stage of debate, with a high and unprecedented level of participation from research institutes, the media and the general public, served an important and critical function of establishing the larger parameters and criteria for the subsequent second stage of finding solutions that would meet these criteria and parameters, subject to relevant constraints. Indeed, without such a high level of public participation in the debate, any eventually chosen set of larger criteria and parameters may well be inappropriate or, in any case, viewed as less than legitimate.

As also already noted, in the second stage of finding exact plans and blueprints for the new healthcare system, the issues became much more technical and this has restricted the scope of effective participation for many in discussions and debates. However, although having a smaller network, the continued attention of the media on the issues and the proactive stance of the research institutes and think tanks involved has meant that the public has continued to stay in-

formed of the larger pictures, and to be able to acquire a broad understanding of the larger trade-offs, risks and stakes that are involved, and the reasons for taking or not taking particular decisions.

## **4. CHALLENGES**

In this section we briefly consider major challenges to further expanding the role of think tanks and research institutions, especially civil society think tanks and research institutions, in policy making in China.

### **4.1. Increased Democratization of the Chinese Society**

Clearly, the active participation of think tanks and research institutions in policy making and their achievements in this respect in the recent healthcare system reform debates was made possible by a highly liberal stance of the government and the accompanying unprecedented level of openness towards the matter. However, this high level of openness appears to have been confined, thus far, only to health policy making. In part, this is because health inequity had developed into such a serious social issue that it began to threaten the stability of Chinese society, but in part it was also because of a change of the top political leadership in the country in early 2003 and the rather liberal approach adopted by Premier Wen, the new leader in charge of the matter. However, while this serves to indicate that China has made enormous strides in democratization and in progress towards open and transparent policy making, it also reminds us that as yet this progress has been haphazard, in that the course of recent health policy making has by no means been typical of policy making in China, and that almost all other policy sectors have not been characterized by the same degree of openness and transparency, and the same active involvement of the media, civil society organizations and the public at large. As yet, there are in fact few institutional underpinnings in place that would enforce a similar process of policy making in all policy sectors as we have seen in health. It is important that China develop such institutional underpinnings so that openness, transparency, and the involvement of the large civil society become an essential and necessary part of all public policy making in China.

### **4.2. Strengthening the Role of Civil Society Think Tanks and Research Institutions**

While we have included as research institutions and think tanks all government and semi-government research institutions and think tanks and those of HEIs and NGOs (see Annex 1), important differences exist between them. Because of their close connections with the government, government and semi-government think tanks clearly enjoy many advantages, including in accessing crucial information about government policy priorities and backgrounds, enjoying trust of the relevant government departments in their ability and credential to carry out particular researches, and in the relevance and quality of their research outputs. They are also likely to be in a better position to push these government departments into adopting their particular policy recommendations. Being well-connected with the relevant government departments and enjoying their trust, government and semi-government think tanks generally tend to be particularly active in demand-driven researches, although they have also played an important role in supply-driven researches. A notable example of the latter is the report on past healthcare reform attempts released by the DRC in 2005, which set off the current round of healthcare reform debates.

In comparison, civil society (HEI and NGO) think tank and research institutions have played a much less active role in demand-driven researches. They have generally enjoyed less trust and financial funding from various government departments. On the other hand, they command, in fact, great research capabilities, especially in respect of more theoretically-oriented researches, or researches that address long-run development issues as opposed to short-term policy options. However, their strengths and advantages in this respect have generally not been given

due recognition, and consequently have generally not been well utilized. Lacking due recognition and financial support, they have in general performed below their capacity in terms of both the quantity and quality of research outputs. And even if they do carry out supply-driven researches, their outputs may fail to receive due attention from relevant government departments, and as a result fail to effectively influence government policy agenda.<sup>24</sup>

Of HEI and NGO think tanks, while the 1990s saw a rapid expansion of the former (Annex 1), development of the latter has been slow. In addition to certain political sensitivity that still surrounds these think tanks, and remaining government unease about them, they also face certain institutional obstacles to their expansion and development. Many of these obstacles were not necessarily specifically set up to restrict their development as such, but are embedded in the current political and economic setup of the country. For example, research positions in NGO think tanks (and for that matter in many HEI research institutions) may not be regarded as part of secured employment (as they are not government funded), and as a result they usually face a greater challenge in attracting able and experienced researchers compared with government think tanks, for which research positions are usually funded by the government.

Another obstacle relates to access to information. For a long time, in order to better understand and monitor the evolving developmental processes in the country, the government has invested hugely in collecting important data and information and has established various databases and statistical centers for this purpose (for example, the databases of five rounds of population censuses). However, while this wealth of information is by and large readily accessible to governmental think tanks, it is usually difficult if not impossible for civil society think tanks to access and obtain. Indeed, even for those research institutions that enjoy a great standing such as Peking University and Tsinghua University, great obstacles may still exist in their access to such data and information.

### **4.3. Greater need for supply driven research**

In part because of this unbalanced recognition and support to civil society think tanks and research institutions, overall there appears to be insufficient emphasis on research in foundational and strategic issues of development that would help guide long-run developmental strategies for the government. Disproportionally more researches by the think tanks and research institutions are of a demand-driven nature, led by government and semi-government think tanks and research institutions. While this type of research is clearly important, it nevertheless is the case that this kind of research tends to be called for only when larger policy directions and goals are already set. And yet it is sometimes precisely these larger policy directions and goals that appear to be deeply problematic. For example, the larger policy goal may be to pursue GDP growth, and once that goal is set demand-driven research then sets in to advise the government how best to achieve the targeted growth. But it may precisely be this larger policy goal that, upon reflection, is deeply questionable. From the human development perspective, the purpose of development and, for that matter, any government-led development program must be to expand people's capabilities, in particular the basic capabilities of health and education, as well as a decent standard of living. Clearly, single-minded pursuit of GDP growth at the expense of environment and health, and often causing great social and economic inequalities, cannot be the right policy goal, and it clearly needs to be challenged.

---

<sup>24</sup> It has to be said, however, that within the university sector, government departments are generally quite ready to trust and entrust researches to better-known ones such as Peking University and Tsinghua University, and the various research centers and institutes therein, because of their standing of being the nation's most prestigious HEIs. Comparatively lesser universities and generally all NGO think tanks are, however, much less advantaged in their access to government support and in their ability to gain government trust in their research capabilities, credentials, and the quality of their research outputs, even though their research outcomes may be of great value.

As noted above, civil society think tanks have comparative strengths in carrying out supply-driven research in theoretical and long-run development issues that tend to question the larger policy directions and goals of a government. They also, in fact, have comparative advantages in doing so in that they generally have good contacts with the grass roots level and the people whose interest government development programs are supposed to serve. Compared with government think tanks, which are better connected with the government, civil society think tanks can for obvious reasons better represent the interest of the people whom development is supposed to serve.

#### **4.4. Public Participation vs. Technocratic Approaches**

Continued expansion of civil society think tanks and greater involvement of them in policy making matters to improving the quality of policy making in China, as their involvement increases the openness and transparency, and ultimately the quality, of policy making. Too often in China, policy making is dominated by technocratic approaches emphasizing the scientific and engineering side of things. While science and engineering are obviously an important and necessary part of any policy solution, they alone are insufficient. Many problems that require a policy response are, in fact, socio-economic in nature, involving interests of disparate stakeholders. However, in a technocratic approach to policy making, the demand side and users' interests and preferences are often underrepresented.

There are good reasons why policy making in China is too often dominated by technocratic approaches. In the former centrally planned economic system, the state was the arbiter of policy goals and what remained to be done was simply to execute the state's plan, a largely technical and engineering matter. However, in an increasingly market oriented economic system where the state retreats from its former position of the arbiter of people's interests and preferences, decentralized articulation of interests and preferences becomes an inseparable part of any policy making, and due representation of all stakeholders' (and especially the users') interests becomes crucial, if policies are ever going to succeed in their stated aim.

Where fundamental interests of stakeholders are in question, a political economy approach may be called for to ensure that different interests are represented, rather than seeking a technocratic approach which might appear to provide a solution but which does not give due emphasis and scope to, and act on, such representation. For example, in approaches to environmental protection, one position is to adopt a highly technical and technocratic approach—the Green GDP approach—of calculating the environmental costs of an economic activity in some monetary units and to net the benefits of the activity of this cost. This is usually done by imputing values to each environmental consequence of the activity not normally valued, where imputation is usually carried out by experts. But rather than this, why not simply involve all stakeholders in public discussions to allow them directly to express their preferences and attitudes to the matter, and to reach a consensus in some democratic manner? This latter approach is non-technocratic and is the one favored by the Human Development view. Clearly, civil society think tanks can play an important role in informing and mobilizing the stakeholders involved to take full part in such public discussions, in a way that government and semi-governmental think tanks are unable and unlikely to do.

#### **4.5. Connecting Think Tanks to the Media and Civil Society**

The media and, more generally, the civil society play an increasingly important role in influencing government policies in China. This role is likely to grow further with a greater openness on the part of the government in policy deliberations and policy making.

The fast development of the Internet has contributed to the emergence of both a strengthened media and a strengthened civil society in China. In turn, this is expected to improve policy making. However, large room still exists for both the media and civil society to increase its role in

influencing policies through evidence-based research, in collaboration with think tanks and research institutions.

The rapid rise of civil society has been an important force in bringing about improvements in policy making in China. Although traces of civil society have been found in the Chinese history and more recently in contemporary China, it has by no means become a powerful force in determining government policies and social development compared with in other democratic societies. In fact, it still lacks many characteristics of the western type civil society. From both theoretical and empirical studies, it is clear that good policy making will be difficult to achieve without the involvement of civil society. Therefore, how to effectively promote and develop existing seedlings of civil society in China will be among the major challenges for better policy making and better connecting research with public policy making, through think tanks.

## CONCLUSION

In this paper we have reviewed the role of think tanks and research institutions in policy making in China from the governance perspective. We have argued that think tanks and research institutions, in particular civil society ones, can play a crucial role in improving policy making through improving governance related to that policy making. Following the analytical framework given in Section 1, adapted from ODI (2009), we specifically examined the case of recent Chinese healthcare system reform. We noted that the high level of openness and transparency, and the active involvement of various think tanks and research institutions in the recent healthcare system reform debates, were made possible by a fairly liberal stance adopted by the political leadership to the issues. However, other sector specific factors, including the level and causes of contestation (ideology, ethics and economic interests), the interdisciplinary nature of the reform, and international lessons and experiences, have also conditioned the process. The process started with a supply-driven research phase followed by a demand-driven one. While final policy decisions are still pending, one expects such an open and transparent process eventually to improve the quality of the final decisions.

Generally, open and transparent policy making fully involving think tanks and research institutions and the general public still faces many challenges in China, and in many ways, health policy making in recent years has been but a special case. Among these challenges are the need for increased democratization in decision making, a strengthened role to civil society think tanks and research institutions, more scope and emphasis to supply-driven as opposed to demand driven research, and more scope and emphasis to public discussions and to fuller articulation of interests and preferences by stakeholders as opposed to relying on a primarily technocratic approach. Development of the wider civil society is also important to ensure such interest and preference articulation.

Although a modest beginning, one nevertheless hopes that the recent course of healthcare system reform heralds a new period of increased democratization and openness and transparency of policy making in China. Indeed, this is one of the areas where we believe China needs soon to act and to make rapid progress if its long run ambitions of national recovery are to be realized.

## REFERENCE:

1. Arrow, K., 1951, "Social Choice and Individual Values".
2. Buse, K, A. Martin-Hilber, N. Widyantoro, S. Hawkes, 2006, "Management of the politics of evidence-based sexual and reproductive health policy", *The Lancet*, Volume 368, Issue 9552, Pages 2101-2103.
3. Development Research Center of the State Council (DRC), 2005, "Appraisal and Recommendations Concerning the Reform of China's Healthcare System", *China Development Review*, 2005 Supplement (1).
4. Held, David, 2004, "Global covenant: the social democratic alternative to the Washington consensus", Polity Press, Oxford.
5. Health Care Reform Coordination Team (HCRCT), 2008, "Suggestions on Deepening the Health Care Reform", [http://news.xinhuanet.com/politics/2008-10/14/content\\_10190646.htm](http://news.xinhuanet.com/politics/2008-10/14/content_10190646.htm)
6. Howlett, Michael and M. Ramesh, 1998, "Policy Subsystem Configurations and Policy Change: Operationalizing the Postpositivist Analysis of the Politics of the Policy process", *Policy Studies Journal* 26.3 (1998), Pages 466-481.
7. Lindblom, C., 1968, "The Policymaking Process", Englewood Cliffs: Prentice Hall.
8. Liu, Minquan and Qu Wang, "Arduous Journey, Ceaseless Search: Thirty Years of Healthcare Reform in China", in Kaining Zhang (ed.), *Reorienting Concepts and Methodology: 30 Years of SRH in China*, Social Sciences Academic Press, Beijing, 2008.
9. Ministry of Health, China Health Statistical Yearbook 2007, 2007.
10. Overseas Development Institute (ODI), 2009, "Evidence-Based Policy in a Post-Conflict Context: Assessing improvements in governance", draft scoping study for UNDP Governance Center (Oslo) Cairo Workshop, January 2009.
11. State Council, 2009, Suggestions on Deepening the Medical Health System Reform, [http://www.gov.cn/jrzq/2009-04/06/content\\_1278721.htm](http://www.gov.cn/jrzq/2009-04/06/content_1278721.htm)
12. Timmermans, A. and P. Scholten, 2006, "The Political Flow of Wisdom: Science Institutions as Policy Venues in the Netherlands", *Journal of European Public Policy*, Vol. 13, Nr. 7.
13. Weiss, C.H., 1977, "Research for Policy's Sake: The Enlightenment Function of Social Research", *Policy Analysis*, 3, Pages 531-545.
14. Weiss, C.H., 1999, "The Interface between Evaluation and Public Policy", *Evaluation*, Vol. 5, No. 4, pp. 468-486.

## ANNEX 1

### Think Tanks and Research Institutions in China: An Overview

In line with our view of policy making as necessarily a political process, by research institutes and think tanks in this paper we shall mean not only those fully “independent and objective” ones without any affiliation to or association with the current political establishment, but also those that have such affiliation and association, including those that are fully government-funded and sponsored. Some of these think tanks and research institutions may indeed strive to provide independent and objective research outputs and policy advice, without openly supporting or appearing to openly support any particular policy position, but others may well do that.

In this Annex, we briefly review the emergence of think tanks and research institutions and their expanding role in government policy making in modern China, and the extent of their presence today, including the main types and the total numbers of them, as far as available data indicate.

#### A1. History of think tanks and research institutions in China

The first period of the emergence and development of think tanks and research institutions and their role in policy making began at the birth of the People’s Republic of China, with the establishment of the Chinese Academy of Science (CAS) in November 1949. At about the same time, the Counselors’ Office of the State Council (国务院参事室), whose members were mainly representatives from other minor parties and non-party personages, was set up with the function to participate in the deliberation and administration of state affairs and to offer advice and suggestions to the government.<sup>25</sup> Subsequently, most provinces also gradually established their own provincial Counselors’ Office. These offices can be considered as the beginning of government think tanks in modern China.

However, this trend was abruptly halted by the Cultural Revolution that began in 1966. During a decade of political convulsion and economic stagnation, academic research and education and knowledge were not even respected. As a result, development of research institutions and think tanks and their role in policy making were severely curtailed.<sup>26</sup>

The second period in the development of research institutions and think tanks was from 1977 to 1991, when they gradually recovered and further expanded in numbers and influence. The Chinese Academy of Social Science (CASS), one of the leading comprehensive academic and policy research organizations in China today, was established in 1977. It now even participates in the writing up of annual government work reports, and undertakes a wide range of research on important theoretical and practical issues of national economic and social development.<sup>27</sup> In addition, the Development Research Center (DRC) of the State Council was also set up during this period, in the year 1981 (see Box A1). In this period also, some non-governmental think tanks began to appear on the scene.

The third period started with Deng Xiaoping’s well-publicized Southern Tour in 1992. As a result of the economic reforms and opening up, research institutions and think tanks were in greater

---

<sup>25</sup> Counselor’s Office of the State Council, 2008, The Introduction of Counselor’s Office of the State Council, [http://www.counsellor.gov.cn/content/2008-08/07/content\\_117.htm](http://www.counsellor.gov.cn/content/2008-08/07/content_117.htm) (国务院参事室, 2008, 国务院参事室简介).

<sup>26</sup> Dai Zong, 2005, Research on Current Situation, Problems and Future Development of China’s Think Tanks, Master’s Thesis of Xiamen University (戴宗, 2005, 中国思想库的现状、问题及未来发展的探讨, 厦门大学硕士学位论文).

<sup>27</sup> Li, Zhenhua, 2004, The Four Think Tanks of Chinese Government, *Zhong Hua Wen Zhai*, No. 7, <http://qkzz.net/magazine/1023-8433/2004/07/68697.htm> (李振华, 2006, 中国政府四大“智囊库”扫描, 中华文摘第7期).

demand in China. This period was characterized by the establishment of a large number of research institutions and think tanks in many key universities and colleges. Two key projects, "Project 211" and "Project 985", were launched by the Ministry of Education, which not only greatly contributed to the rapid development of universities and colleges in China, but also ushered in a time when many universities and colleges began establishing a wide range of research institutes in policy making and consulting services.<sup>28</sup> For instance, the China Center for Economic Research (CCER) was established during this period at Peking University (see Box A3).

The dawn of the new millennium saw the fourth period of development of research institutions and think tanks. In January 2004, the Communist Party of China for the first time issued a document calling for the building of philosophy and social science disciplines into "think tanks" for the Party.<sup>29</sup> In November 2006, the first think tank forum was held in Beijing under the theme: Innovation: Mission and Challenge to Chinese Think Tanks. At this meeting, the ten top Chinese think tanks, which were previously hidden from the view of the public but which had long served the government in various areas of policy making, made their appearance. The second think tank forum was held in July 2007 at which 20 or so internationally renowned think tanks were invited, including the Brookings Institution of the US, International Institute of Strategic Studies (UK), Stockholm International Peace Research Institute.<sup>30</sup> As this paper is being completed, plans are being made to hold the third think tank forum in the near future. This series of events reflects the important progresses being made by the Chinese think tanks in shaking off their former passivity and actively seeking and shaping their roles, and in their increased internationalization.

Also, in this period, China's minor parties, whose members mainly comprise medium and high level intellectuals in fields of science, technology, education, culture and medicine, began to play an increasingly important role in policy making. These minor parties themselves serve as influential think tanks by making good use of various formal and informal channels at their disposal to offer policy advice and advocacy directly to the central government. They sometimes set up special research institutions and think tanks to do so. For instance, the China Primary Health Care Foundation, which has provided a wide range of policy advice to the government on China's healthcare system reform, was established by the Chinese Peasants and Workers' Democratic Party. On the other hand, many members of these minor parties are themselves often members of some well-known research institutions and think tanks in China (other than those of their own party). More recently, some minor party members have begun to hold positions of great influence even in the central government.

## **A2. Situation of Existing Think Tanks and Research Institutions in China**

As a result of over half a century's development, there are now many think tanks and research institutions working for the government on various policy issues. Broadly, they can be classified into three types: (1) governmental and semi-governmental ones, (2) university and other higher education institution (HEI) led; and (3) NGO-led.

### **Governmental or semi-governmental ones**

With rapid economic and social development, decision making processes become more complex, requiring the government to have a greater amount of knowledge and information, if sound policies are to be made. In response, the Chinese government has over the years established a range of research organizations to carry out specific researches closely related to various policy issues. In terms of administration and personnel management, these research or-

---

<sup>28</sup>Wang Jianjun and Han Bing, 2009, Review Chinese Think Tanks from Various Perspectives, Outlook Weekly, <http://www.zaobao.com/wencui/2009/02/liaowang090203f.shtml>

(王健君、韩冰, 2009, 多视角看中国智库, 瞭望新闻周刊).

<sup>29</sup> 2004年1月, 《中共中央关于进一步繁荣发展哲学社会科学若干意见

<sup>30</sup> 中国智库论坛, 太平洋地区合作网, 2008, <http://www.cprcc.com.cn/Forum2.asp>

ganizations are part of the government organ. However, they mainly serve as think tanks on policy making for their respective bodies of government, rather than as another bureau making and administering particular kinds of government policy. Among such organizations, the most important ones are the Policy Research Offices of the People's Congresses and the General Offices of the People's Government at various levels. These organizations provide support for drafting various official documents issued by the respective levels and departments of government each year.

In addition, there are currently in China a number of semi-independent research institutions which are not strictly part of the government but are, to varying degrees, led or guided by it. These institutions mainly work on major demand-driven policy topics that are of concern to the government, but may also carry out independent, supply driven research to draw the attention of the related government departments to particular issues. Among these organizations, the following ten are the most prominent at the national level.<sup>31</sup>

- The Development Research Center of the State Council (DRC) (国务院发展研究中心)
- The Chinese Academy of Social Sciences (CASS) (中国社会科学院)
- The Chinese Association for Science and Technology (CAST) (中国科学技术协会)
- The Chinese Academy of Sciences (CAS) (中国科学院)
- The China Institute of Contemporary International Relations (CICIR)(中国现代国际关系研究院)
- The China Institute of International Studies (CIIS) (中国国际问题研究所)
- The China National Committee for Pacific Economic Cooperation (PECC-China) (中国太平洋经济合作全国委员会)
- Shanghai Institute for International Studies (SIIS) (上海国际问题研究所)
- The PLA Academy of Military Science (PLAAMS) (中国军事科学院)
- The International Institute for Strategic Studies-China (ChinaIISS) (中国国际战略学会)

#### Universities and research institutes

According to the Chinese Ministry of Education (MOE) 2007 statistical data (Table 1), there are currently in China 1867 regular higher education institutions (HEIs), of which 111 are under the auspices of central ministries and agencies. Of these, 73 are directly administered by the MOE, and 38 belong to other central government organs. Of the total, 1480 regular HEIs are run by local authorities, including 853 which are administered by local Department of Education (DOEs), and 627 run by the other local agencies. 276 HEIs are entirely run by non-state/private organizations.

Of the 1867 regular HEIs, 450 offer graduate programs, and understandably these have a greater capacity to undertake research related to policy issues. Among these institutions, 97 are under the auspices of central ministries and agencies, and 353 of local government authorities. Besides these, there are also 317 specialized research institutes that provide graduate programs, of which 274 are from non-MOE central ministries and agencies, and the remainder (43) is sponsored by non-DOE local government departments.

These HEIs can be seen as another important source of think tanks for various levels of government and various government departments. Currently in China, two universities have played

---

<sup>31</sup> Yang, Qinglin, 2006, The First Discovery of the Top Ten Think Tanks in China, *China News*, <http://news.sohu.com/20061109/n246279724.shtml>, November 9th (杨清林, 中国十大智库首次公开集体亮相可影响高层决策, 中国新闻网, 2006-11-09).

an especially important role in influencing policy making at the central level. They are Peking University (Box A2-A3) and Tsinghua University (Box A4-A5).

**Box A1: Development Research Center (DRC)**

Of the ten prominent national-level think tanks, the DRC is the most important.<sup>1</sup> Established in 1981, it is one of the leading policy research and consulting institutions for the central government. It has a team of prominent economists and qualified experts and researchers in many fields of social and economic development, and is a comprehensive policy research and consulting institution directly under the State Council, the cabinet of the central government of the People's Republic of China.

The main scope of research conducted by the DRC is:

- Advanced and follow-up study of the overall, comprehensive, strategic and long-term issues of national economic and social development;
- Recommendations for mid- and long-term development plans and regional development policies;
- Trends in the development of the national economy and the macroeconomic situation;
- Industrial economic development and industrial policies;
- Changing situations and issues in China's opening-up process;
- Policies on foreign trade and foreign investment;
- Policies on human resource development, income distribution, social security, social development, environmental protection, etc.

The main roles of DRC as a think tank of government are:

- To provide policy recommendations and consulting advices to the CPC Central Committee and the State Council;
- To participate in and sponsor studies of development programs prepared by relevant government departments and localities with advices and recommendations;
- To provide advices and recommendations on macroeconomic policies;
- To offer consulting advices and recommendations on adjustments to the industrial structure and investment structure;
- To conduct international collaborative research and exchanges with relevant international organizations and research institutions;
- To provide foreign policy related information and recommendations to the CPC Central Committee, the State Council and relevant government departments.

**Table 1: Number of Higher Education Institutions in China, 2007**

	Total	Central Level			Local Level			Non-State/Private
		HEIs under Central Ministries & Agencies			HEIs under Local Authority			
		Total	HEIs under MOE	HEIs under Other Central Agencies	Total	HEIs under Local-DOE	Run by Non-DOE Gov Dept.	
1. Institutions with Graduate Programs	767	371	73	298	396	331	65	
(1) Regular HEIs	450	97	73	24	353	331	22	
(2) Research Institutes	317	274		274	43		43	
2. Regular HEIs	1867	111	73	38	1480	853	627	276
(1) HEIs Providing Degree-Level Programs	720	105	73	32	586	517	69	29
(2) Non-University Tertiary Education	1147	6		6	894	336	558	247
3. HEIs for Adult Education	444	15	1	14	427	177	250	2
4. Non-State/Private HEIs	994							994

*Source:* Ministry of Education, 2007, Education Statistical Data/ Higher Education/Number of Organization of Higher Education (Oct. 9th) (教育部教育统计信息-高等教育, 高等教育学校机构数2007年10月9日).

### **Box A2: Peking University**

Founded in 1898, Peking University was originally known as the Imperial University of Peking. It was the first comprehensive national university to be set up in China that covered a broad range of disciplines, and has been a leading institution of higher education in China ever since its establishment. It has an outstanding faculty, including 53 Fellows of the Chinese Academy of Sciences (CAS), 7 Fellow of the Chinese Academy of Engineering (CAE), and 14 Fellow of the Third World Academy of Sciences (TWAS).

Peking University has effectively combined research in important scientific subjects with training of its faculty at a high level of specialized knowledge and professional skill. It strives not only for improvements in teaching and research work, but also for the promotion of interaction between various disciplines. Thus Peking University has become not only a center for teaching and research but also a university of a new type, embracing diverse branches of learning including basic and applied sciences, social sciences and humanities, and sciences of medicine, management, and education.

Based upon its academic excellence and research capacity, Peking University has continually played the critical role of pioneer in the course of China's modernization. Its tremendous amount of research outputs have often been used as important references for the government in making various social and economic policies. In almost every expert consultation group established on important national policies, Peking University invariably holds an influential position in it.

### **Box A3: CCER in Peking University**

The China Center for Economic Research (CCER), a research institute of Peking University, is often regarded as an important think tank for the current Chinese government.<sup>1</sup> It was founded in August 1994 as an experiment in new methods of research and education in China. CCER has combined both domestic and international resources in bringing together a group of well-trained scholars in the fields of economics and management, with a view not only to contributing to education and research within Peking University, but also to fostering economic reform and development in China. The Center's strong dedication to scientific research, educational reform, as well as international exchange and cooperation, has made it a prominent Chinese research institute and one of the most well-known policy consulting bodies in the country.

1 Li, Zhenhua, 2004, The Four Think Tanks of Chinese Government, *Zhong Hua Wen Zhai*, No. 7, <http://qkzz.net/magazine/1023-8433/2004/07/68697.htm> (李振华, 2006, 中国政府四大“智囊库”扫描, 中华文摘, 第7期).

#### **Box A4: Tsinghua University**

Originally established in 1911, Tsinghua University has a faculty that greatly values interactions between Chinese and western cultures, sciences and humanities, and the ancient and modern. After the founding of the People's Republic of China, the University was molded into a polytechnic institute focusing on engineering in the nationwide restructuring of universities and colleges undertaken in 1952. Since China opened up to the world in 1978, however, Tsinghua University has developed at a breathtaking pace into a comprehensive research university. At present, the university has 14 schools and 56 departments with dedicated faculties in science, engineering, humanities, law, medicine, history, philosophy, economics, management, education and art. As one of China's most renowned universities, Tsinghua University has become an important higher educational institution for fostering talent and scientific research in the country. Meanwhile it is also dedicated to the promotion of China's general social and economic development and, indeed, international development.

#### **Box A5: NCER in Tsinghua University**

An institute of Tsinghua University, the National Center for Economic Research (NCER)<sup>1</sup> is especially well-known for its role of being an important think tank for national policy making. NCER is an academic and policy research institute in association with the School of Economics and Management of Tsinghua University, one of China's foremost institutes of higher learning and research in economics and management. NCER was formally established in 1996. With a relatively small permanent research staff as its core, the Center is a network of outstanding researchers from China and abroad, who collaborate through the Center in research, advanced training programs, consultancy, and other related professional activities. In addition to providing well-equipped research facilities and various forums for scholarly activities such as seminars and conferences, NCER helps its research staff to develop projects, obtain funding, and publicize and disseminate research outputs.

In distinguishing itself from traditionally self-isolated and closed research organizations, this fledgling think-tank draws together a new generation of creative researchers from various backgrounds including government departments, the private sector, as well as the academia. The center forges strong ties with both the government and industry, and seeks to reach out to the general public so that original ideas can be broadly disseminated and hence achieve a wider impact on the Chinese economy and society beyond some small intellectual circles.

1 Li, Zhenhua, 2004, The Four Think Tanks of Chinese Government, *Zhong Hua Wen Zhai*, No. 7 (李振华, 2006, 中国政府四大“智库”扫描, 中华文摘, 第7期).

## NGOs

NGOs are now a third important source of think tanks for the Chinese government in policy making. Here, NGOs refer to all types of non-government and non-party civil society organizations, including social associations (社会团体), foundations (基金会), private non-enterprise units (民办非企业单位), certain intermediary organizations (中介组织), and community activity groups (社区活动团队).<sup>32</sup>

The structure of the Chinese NGOs is as follows:

- Social associations (社会团体): Academic associations, professional associations, specialist associations and general associations;
- Foundations (基金会): Corporate bodies using assets endowed by natural persons to social ends, and corporate bodies and/or other organizations engaging in non-profit activities;
- Private non-enterprise units (民办非企业单位): Social organizations using non-state assets to carry out non-profit social activities;
- Community activity groups (社区活动群体): Civil society organizations organized by communities for meeting various community needs ranging from cultural recreations and hobbies to physical exercises etc., which are registered with the communities in question;
- Social intermediary organizations (社会中介组织): Social organizations that provide specific services such as coordination, evaluation and liaison between government departments, enterprises and individuals.

According to the Chinese Ministry of Civil Affairs (MOCA) statistical data, in the year 2007 there were about 387,000 non-governmental organizations (NGOs) in China, of which around 212,000 were social associations, 174,000 were private non-enterprise units, and 1340 were foundations. Table 2 provides detailed data on the scale of social associations in China in 2007, by administrative jurisdictional level, and by profession.

**Table 2: National-Level Social Associations in China, 2007**

Number of Organizations		211661
Total Number of Employees		2885287
Number of Organizations by Administrative Jurisdictional Level	Central	1758
	Provincial	22146
	Prefectural	59145
	County	128612
Number of Organizations by Profession	Science and Research	17615
	Environment	5330
	Education	14794
	Health	11129
	Social Service	24588

<sup>32</sup> Tan, Yongsheng, 2008, The Statistical Analysis on the Contribution of Social Organizations to the Social Development, The Project of Social Organization Research (Ministry of Civil Affairs, 2008), <http://www.chinanpo.gov.cn/web/showBulletin.do?id=32354&dictionid=1835 &catid=>, (谭永生, 2008, 社会组织对经济和社会发展的统计(指标)研究, 民政部2008年社会组织理论调研课题项目).

	Culture	16690
	Physical Training	10685
	Law	3361
	Industry and Business	17747
	Religion	3413
	Agriculture and Rural Development	36142
	Professional Organization	15080
	International Organization	467
	Other	34620

Source: Ministry of Civil Affairs, 2007, The Statistical Report on the Development of Civil Affairs (Social Organization), <http://www.chinanpo.gov.cn/web/showBulletin.do?id=30672&dictionid=2201&catid=>, (2007年民政事业发展统计报告(社会组织部分), 民政部国家民间组织管理局中国社会组织网).

NGOs of all types have seen rapid expansion in recent years. Thus compared with the preceding year 2006, the total number of NGOs increased by 9.3% in 2007. Table 3 provides data on the increase in the number of social associations and private non-enterprise units over the period 2000-2007.

**Table 3: Changes in the Number of Social Associations and Private Non-enterprise Units in China, 2000-2007 (Unit: Thousand)**

Types	2000	2001	2002	2003	2004	2005	2006	2007
Number of Social Associations	13.1	12.9	13.3	14.2	15.3	17.1	19.2	21.2
Number of Private Non-enterprise Units	2.3	8.2	11.1	12.4	13.5	14.8	16.1	17.4

Source: see Table 2

As well as increasing in number, NGOs have also played an increasingly important role in policy making at various levels of the government, contributing to the building of a "harmonious society" in China (to use a term now popular in China). Among their various functions, that of giving advice to government in policy making is gaining prominence. In recent years, some of the important reform measures adopted by the various levels of government have been, in fact, originally put forward by these NGOs, a reflection of the progress in democratization that has taken place in China in the period.