Chapter 10
Experiences of Third Sector Governance in Asia: A Political Economy Analysis

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Before the industrial revolution, all our participating countries, especially India and China, were in the forefront of economic development ahead of the European states. By the Middle Ages, China and India reached a technological level more advanced than that achieved by Europe before industrial revolution.¹ The advancement in these (and other countries in Asia) did not lead to something similar to European economic development. The advancement in productive forces alone does not (and did not) guarantee economic development, it has to be coupled with the existence of a bourgeois, a social class becoming powerful by dint of employment, education or wealth — and not by heredity — capable of coordinating the means of production and of bringing about fundamental structural transformations for innovations and investments.² Historically, Asia did not have a bourgeois class; the Asian Mode of Production (cf. Karl Marx) had a comprador class capable of exploiting the surplus production and the people but without necessarily owning land or labour. There was only the right to raise taxes, created mainly during the colonial control, without any right to the land (town merchants owned some, but not large enough). Because of the lack of land ownership, the dependent relationship was not feudal, and due to the close-knit village communities (having the control over the land), the slave system could not and did not exist in the area either (Lacoste, 1984).

The existence of close-knit neighbourhoods and also mutually supportive work forces (with freedom of association, unlike a slave system, not thwarted by the employer) is evident in associations like ‘the workmen’s cooperative groups’ in

¹ Andre Gunder Frank http://www.hartford-hwp.com/archives/50/089.html, a major proponent of ‘development of underdevelopment’ thesis points out that the core regions, especially of industrial production, before the European industrial revolution, were in China and India; and West Asia and Southeast Asia also remained economically more important than Europe. Frank finds out that Adam Smith was the last major [Western] social scientist to appreciate this fact writing in 1776 that ‘China is a much richer country than any part of Europe’, but then, quoting Fernand Braudel, Frank adds, following the colonization of Asia, ‘Europe invented historians and then made good use of them.’

² The European bourgeoisie was based on: private control of the means of production (as opposed to collective Asian and African system) a relatively rapid modes of production—the slave system, the feudal system and the capitalist system (slave system was not as prominent in Asia and Africa) (Lacoste, 1984).
India that used to influence the members’ economic and social lives. There were rules in the law books for the punishment of breach of contract by these cooperatives or their individual members (Basham, 1967, p. 218). There were also the guilds\(^3\) (sreni) of very important crafts (Basham, 1967, p. 219; Majumdar et al., 1967, pp. 75–76). The guilds had power over economic as well as social lives of the members.\(^4\)

In the Tang (618–907) and Shong (960–1279) dynasties in China—due to the maturing of agriculture and handicraft industry—artisans formed guilds to protect self-interests. Later (since fourteenth century), fellow villagers and townsmen involved in economic activities outside of their geographic areas often organised some types of cliques or guilds for mutual help and self-defence.\(^5\) During the Nationalist regime (1911–1949), due to economic growth, the most active non-profit organisations (NPOs)\(^6\) were the chambers of commerce.\(^7\) In Vietnam, there have been social organisations supporting the country’s traditional economic system (water-rice cultivation) which require strong community sense and cohesion (to fight against flood and natural disasters, to alternate field labour, etc.). There also have been phuong and hoi in the urban centres.\(^8\) Members of these urban groups, essentially interest groups, committed to help each other with technical assistance or loans, in protecting trade’s secret, in keeping common price for similar products, etc. (Duong and Hong, 2006).

Traditional cooperatives and saving groups, like arisan, in Indonesia have a long history and have been helping resource-poor people in achieving a decent living that they would not have without similar collective efforts. The governments, including the Dutch colonial power, over the years have encouraged these micro-level third sector organisations (TSOs) to function. During the New Order Era, the government formulated regulations that made cooperatives important sources of

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\(^3\) The guilds united both the craftsmen’s cooperatives and the individual workmen of a given trade into a single corporate body, and had judicial rights over the members, recognised by the state (Basham, 1967, p. 219; Majumdar et al., 1967, pp. 75–76).

\(^4\) The guilds used to work as the insurance against members’ sickness and acted as guardians of the members’ widows and orphans, and work as banks accepting deposits, and lending money (Basham, 1967; Majumdar et al., 1967).

\(^5\) Since during that period, freedom of association was not granted by the emperors and the governments, these private organisations did develop but could not function formally or publicly. Secret societies and illegitimate political factions were powerful during that period. For more, see www.asianphilanthropy.org (China segment).

\(^6\) The Nationalist regime (1911–1949) also created and governed many TSOs engaged in commercial, academic, professional, public-welfare, philanthropic, religious and other activities to assist the government agencies. For more, see www.asianphilanthropy.org (China segment).

\(^7\) The National United Chamber of Commerce, established in 1914, joined the International Chamber of Commerce in 1931. For more, see www.asianphilanthropy.org (China segment).

\(^8\) In fact, the old Ha Noi, the capital of Vietnam since 1010, was formed by 36 phuongs. These phuongs produced and traded goods of high quality, for example silk, jewellery, leather, metal goods including bronze, iron, and other different type of handicrafts. The names of all phuongs remain the names of the streets even until the present days (Duong and Hong, 2006).