THE RED, BLACK, AND GRAY MARKETS OF RELIGION IN CHINA

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The economic approach to religion has confined its application to Christendom in spite of the ambition of the core theorists for its universal applicability. Moreover, the supply-side market theory focuses on one type of religiosity—religious participation (membership and attendance) in formal religious organizations. In an attempt to analyze the religious situation in contemporary China, a country with religious traditions and regulations drastically different from Europe and the Americas, I propose a triple-market model: a red market (officially permitted religions), a black market (officially banned religions), and a gray market (religions with an ambiguous legal/illegal status). The gray market concept accentuates noninstitutionalized religiosity. The triple-market model is useful to understand the complex religious situation in China, and it may be extendable to other societies as well.

Ongoing social change has attracted many sociologists to conduct original research in China (see Bian 2002), but religious change in Chinese society has, with rare exceptions (e.g., Madsen 1998), been neglected. This article seeks to make a twofold contribution: It offers a broad overview of the complex religious situation in contemporary China, and it develops a triple-market model, which may be extendable to other societies, especially to those with heavy regulation of religion.

Religion has been reviving in China despite restrictive regulations imposed by the ruling Chinese Communist Party (CCP). That religion can survive and even thrive under atheist Communist rule raises important theoretical and practical questions: How much can the state control religious increase or decrease? Specifically, why did eradication measures fail? How much can the secularist state promote secularization? If heavy regulation is not effective in reducing religious participation, what are the consequences? This article proposes that heavy regulation of religion will not lead to religious demise, but to complication—it will result in a tripartite religious market. The triple-market dynamic signifies an unmanageable state of religious affairs for the regulators.

RELIGIOUS DEMAND AND SUPPLY

In recent years, an economic approach has been applied to explain institutional and macro-level religious changes in the United States (Finke and Stark 1992; Stark and Finke 2000), Western Europe (Iannaccone 1991; Stark and Iannaccone 1994), South America (Gill 1998), and Eastern Europe (Froese 2001; Froese and Pfaff 2001; Froese 2004a). This

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approach starts with a simple idea: Religion comprises an economy much like commercial and other economies:

A religious economy consists of all of the religious activity going on in any society: a “market” of current and potential adherents, a set of one or more organizations seeking to attract or maintain adherents, and the religious culture offered by the organization(s). (Stark and Finke 2000, p. 193)

A major criticism of the economic approach is its confinement to Christendom (Sharot 2002). Although the core theorists of economics of religion believe that it is universally applicable (Stark and Finke 2000), almost all of the empirical studies applying an economic model have been limited to the Americas and Europe, where some form of Christianity predominates. Attempts have been made to extend the scope beyond Europe and America (Iannaccone 1995) and Christianity (Stark 2001), but mentioning religions in non-Western societies has remained rare and brief. This article fully focuses on the religious situation in contemporary China, a country with drastically different religious and political traditions. I argue that the economic approach is applicable to China, but a different theoretical model has to be developed to account for the complexity of the religious market in China.

Another limitation of the existing model is its neglect of noninstitutionalized religion. Almost all studies applying the economic approach focus on one type of religiosity—participation in formal religious organizations as measured by membership and attendance. In part, this is because of attempts to fit mathematical models with quantified data. Researchers should not forget that some factors might be more difficult to quantify, but nonetheless play critical roles. All societies have noninstitutionalized religious beliefs and practices, which include what have been variably called “popular religion,” “folk religion,” “occults,” “implicit religion,” “pseudo-religion,” or “quasi-religion.” Noninstitutionalized beliefs and practices are especially widespread in non-Western societies. Religion is supplied not only by organized religions, but also by individual shamans, witches, oracles, gurus, ritual specialists, and the like. Very often, such individual suppliers are not part of the professional clergy or ecclesiastics, but moonlighters. The triple-market model proposed in this article will account for noninstitutionalized as well as institutionalized religion.

REGULATION IN RELIGIOUS ECONOMIES

Religious economies, like commercial economies, are sensitive to changes in market structure. The most significant market change is often regulation or deregulation. “Regulation restricts competition by changing the incentives and opportunities for religious producers (churches, preachers, revivalists, etc.) and the viable options for religious consumers (church members)” (Finke 1997:50).

According to Stark and Finke (2000), a religious monopoly, enforced by state regulation, breeds a lazy clergy, and consequently a less religiously mobilized population. Conversely, in a deregulated market, that is, a free market, religious pluralism tends to prevail over monopoly. “To the degree that a religious economy is unregulated, it will tend to be..."
very pluralistic,” that is, there will be more firms competing for a share of the market (Stark and Finke 2000:198). Moreover, Proposition 75 (Stark and Finke 2000:199) states, “To the degree that religious economies are unregulated and competitive, overall levels of religious participation will be high.”

Religious change in the United States appears to be strong evidence in favor of deregulation effects. In the over 200 years since the First Amendment to the U.S. Constitution disestablished religion, that is, deregulated the religious market, the rate of religious adherence in the U.S. population steadily increased from 17 percent in 1774 to 62 percent in 1990 (Finke and Stark 1992). Research in Europe supports a similar conclusion. Stark and Iannaccone (1994) and Stark and Finke (2000: Chapter 9) argue that the lower rates of religious participation in some contemporary Western European countries are, to a large extent, a consequence of religious establishment or its remnants. Although religious freedom is written into the constitutions of all modern nation-states, Western European countries, until recently, either maintained official state churches that were fully supported by universal religious taxes, or favored particular churches with state subsidies and other privileges.

Regulation is a very important concept in economic theories of religion, but it needs clarification. Critics (Bruce 2000; Beaman 2003) have pointed out that there is no completely unregulated market, and that state regulations can be either against religion or for religion. To further delineate this concept, it is necessary to distinguish the broad and narrow understandings of religious regulation. A broad definition may include all laws and rules enacted to govern religious affairs. In the United States, for example, the First Amendment establishes basic rules, and zoning, tax, and other regulations are also pertinent to religious organizations. In this sense, there is no “unregulated” religious economy. No modern country “actually allows the unfettered exercise of that freedom” (Beyer 2003:333), and “to allow completely unrestricted freedom would be socially unsound” (Gill 2003:331). Although the reality may fall short of the ideal (Beaman 2003; Beyer 2003; Gill 2003), U.S. regulations are not intended to restrict particular faiths, but rather, to ensure equal competition and free religious exercise. On the other hand, however, the quintessence of regulation is restriction. Legal rules either impose restrictions on certain groups, or on all groups regarding certain practices or operations. Regulation as restriction may serve as the narrow definition of religious regulation, as implied by Stark and other scholars.

Restrictive regulation is a variable, ranging from the highly restrictive to the minimal across societies, or in different periods within a society. Chaves and Cann (1992) suggested a six-item scale to quantify regulation of religious economies. Alternatively, we may measure it on the ordinal level. At one extreme lies a complete ban or eradication of all religions. This is rarely practiced, and is generally short lived, as evidenced by Albania (Gjuraj 2000) and China under the radical Communists. In the former Soviet Union and other Soviet societies, at least some religious groups existed legally throughout the period. Closest to the extreme of eradication is monopoly, in which all but one religion are banned. Medieval Europe and some contemporary Muslim countries are quintessential monopoly economies, protected by the state through heavy regulation. Next to
monopoly is oligopoly, in which several religions are sanctioned and all others are suppressed. Most present-day countries fall into this category. At the other extreme lies the so-called laissez-faire or free market in which no religious group is singled out, although minimal administrative restriction is imposed on all. The United States is a free market par excellence.

The order of these regulatory categories is clear, varying from more restrictive to less restrictive. The differences can be regarded as quantitative—banning all, banning all but one, banning all but a few, or banning none. However, the distances between the categories are not necessarily equal. The difference between a complete ban and a monopoly is larger than between oligopoly and laissez-faire. Therefore, the scale has the properties of an ordinal variable.

It is important to note that in monopoly or oligopoly economies, regulation will not only ban other religions, but also impose certain restrictions on the favored faith or faiths. In exchange for political protection or privileges, the sanctioned religion(s) must accept political restrictions. The state may watch closely for deviance by the sanctioned religion(s). Similarly, a free market is not unregulated if we understand “regulation” in the broader sense.

Returning to Stark and Finke (2000:199), Proposition 75 seems to imply that deregulation leads to an increased religious participation. If this is so, a regime that desires to reduce religion will strive to maintain or increase religious regulation. The Chinese government under the CCP is such a regime. Since 1949, when the CCP took power in mainland China, the party and the government have carried out policies to restrict, reduce, and even eradicate religion. However, suppressive or restrictive regulation has not been effective. Religions have survived and are thriving despite heavy regulation. If economic theory is right, some invisible market forces must be in effect.

It is true that in the more regulated markets of contemporary Western Europe, participation in institutional religion is lower than in the less regulated U.S. market. On the other hand, however, there are more new religious movements (NRMs) in Europe than in the United States. The United States has 1.7 NRMs per million people, while Europe has 3.4 NRMs per million. This anomaly is more pronounced when considering that the number of NRMs in Europe tends to be undercounted (Stark and Finke 2000:255). Evidently, restrictive regulation fails to reduce marginal or illegal NRMs. In fact, restrictive regulation is associated with a higher rate of NRMs. This seems ironic, but it points to an “invisible hand” of market laws in effect. On this point, Stark and Finke (2000) fail to provide a formal proposition to complement Proposition 75. A triple-market model will provide a useful framework to explain the market forces unaccounted in the existing theory.

TRIPLE RELIGIOUS MARKETS UNDER HEAVY REGULATION

All countries under Communist rule, past and present, enacted heavy regulation against religion. Suppressive regulation may lead to the decline of one form of religiosity—participation in formal organizations—but other forms of religiosity, including beliefs
and noninstitutionalized practices, are more difficult to control. In effect, heavy regula-
tion leads not to religious reduction, but to complication of the religious market, result-
ing in a tripartite market with different dynamics. The heavily regulated market may be
subdivided into the red, black, and gray markets.

DEFINITION 1. A red market comprises all legal (officially permitted) religious organi-
zations, believers, and religious activities. Alternatively, this may be called the “open market,” because the religious exchanges are
carried out openly. However, the market is not equally open to all religious groups. More-
over, an open market’s officially sanctioned religious organizations have to comply with
the commands of the political authorities. In Communist-ruled societies, the open mar-
ket is stained “red,” that is, colored with the official Communist ideology. The red stain is
reflected in the rhetoric of clergy, theological discourse, and practices of the sanctioned
religious groups (Huang and Yang 2005; Yang and Wei 2005). The open market in other
monopoly and oligopoly economies is also constrained by political authorities, although
the stain may have a different color or hue.

DEFINITION 2. A black market comprises all illegal (officially banned) religious orga-
nizations, believers, and religious activities. The black market exchanges are conducted underground or in secrecy.

DEFINITION 3. A gray market comprises all religious and spiritual organizations, prac-
titioners, and activities with ambiguous legal status. These groups, individuals, and activities fall in a gray area of religious regulation, which
can be perceived as both legal and illegal, or neither legal nor illegal.

The concept of a gray market of religion is central to the triple-market model. The
gray market is also the most difficult to demarcate because of its ambiguous and amor-
phous nature. Broadly speaking, it includes two types of practices: (1) illegal religious
activities of legally existing religious groups, and (2) religious or spiritual practices that
manifest in culture or science instead of religion.

Type 1 religious practices are conducted by legal religious suppliers and consumers
evading restrictive regulation. For example, a regulation may prohibit proselytizing out-
side religious premises or to children. Defying the regulation, family members and
friends of an otherwise legal sect might gather at home to discuss their beliefs, and in the
process, socialize their children into the religious faith. Further, religious groups and
individuals may provide social services with the implicit intention to proselytize. Regulat-
ing these kinds of activities requires more elaborative rules regarding legal boundaries,
and in enforcing such rules, authorities must exert great care to delineate ambiguous
boundaries or borderline zones. Meanwhile, religious suppliers and consumers can be
very creative in responding to adverse rules, and thus it is almost impossible for authori-
ties to regulate ambiguous exchanges and/or enforce such regulation. Creativity in evad-
ing regulations also makes it difficult for researchers to document and quantify the extent
of gray-market religiosity.

Type 2 religious activities include various forms of informal or implicit religion and
spirituality. These activities have been studied by scholars of religious research as folk
religion, popular religion, quasi-religion, New Age occults, magic, yoga, client and
audience cults, or new spiritualities (Stark and Bainbridge 1985; Greil and Robbins 1994; Roof 1999; Heelas and Woodhead 2005). Not all scholars agree that each of these activities should be classified as religious, but sociologists of religion generally agree that, regardless of classification, spiritual alternatives compete for adherents with conventional religions. While it is difficult for scholars to define alternative spirituality, it is almost impossible for authorities to regulate it. Rather than professing religious belief, alternative spiritualists may insist that their practices are culturally or scientifically based. For example, shamanism may be practiced as ethnic or folk dances, and spiritual healing might be carried out in the name of an alternative medicine. As culture or science, activities arguably fall outside the boundaries of religious regulation. However, authorities may nevertheless try to bring such practices under control, especially when religious dimensions of the practices become more obvious. In short, as part of the gray market, informal spiritual practices are a constant challenge to regulators and researchers alike.

While several propositions about the triple market of religion may be developed, three of them are central to this article.

PROPOSITION 1. To the extent that religious organizations are restricted in number and in operation, a black market will emerge in spite of high costs to individuals.

The black market is a logical consequence of heavy regulation. Inasmuch as authorities restrict religion by sanctioning certain religious groups and activities, a regulation simultaneously makes other religious groups illegal. The intention of such regulation is to eliminate illegal groups. In spite of regulation, history recounts myriad religious virtuosos (Sharot 2001; Weber 1948, [1921] 1968) who will seek and practice proscribed religions regardless of circumstance, and clandestinely if necessary. There are always people who are willing to pay a higher price for their religion, even sacrificing one’s life. When the state bans certain religious exchanges to the extent that the religious needs of certain market niches are not met in the open market, a black market will emerge to compensate.

Virtuosos aside, a population’s religious needs cannot be unmet for an extended period of time. Consciously or unconsciously, people tend to make religious expressions and consume religious goods. For example, during China’s Cultural Revolution (1966–1976), when all religious organizations were banned, and informal religious practices were suppressed, the religious zeal of the masses found an improbable outlet—the Mao personality cult, or the broad “political religion” (Zuo 1991). In post-Mao China, qigong replaced Maoism as an unconscious outlet for religious zealotry.

PROPOSITION 2. To the extent that a red market is restricted and a black market is suppressed, a gray market will emerge.

The risks and costs of black market religion are high. At the same time, red market religious groups are limited in number and inaccessible for many people. Moreover, approved religious groups are commonly red stained because of restrictions imposed by political authorities, which often results in “sanitized” or “watered-down” religious goods and services (Huang and Yang 2005; Yang and Wei 2005). When people cannot find satisfaction in the red market and are unwilling to risk black-market penalties, a gray
market fills the gap. In the gray market, individuals resort to informal religious practices and spiritual alternatives, such as Mao worship or qigong. Alternatively, legally existing groups evade regulation by offering illegal religious services.

**PROPOSITION 3.** The more restrictive and suppressive the regulation, the larger the gray market.

The relative size of each of the triple markets largely depends upon the severity of regulation and effectiveness of enforcement. In a minimally regulated economy like the United States, the open market can meet the religious needs of most people. In a heavily regulated economy, the high-cost black market only draws a small number of virtuosos, and the red market is either inaccessible or unappealing to large numbers of people. Unable or unwilling to engage in either the open market or the black market, many people resort to the gray market to meet religious needs, resulting in a proportionally large gray market.

Proposition 3 may appear counterintuitive. Unrelenting atheist education in Communist-ruled societies appeared to have reduced the need for religion in the populace. However, the rebound of religiosity in almost all post-Soviet societies (Greeley 1994; Gautier 1997; Froese 2001, 2004a,b) shows that the artificial reduction in religious need was mostly illusory, or temporary at best.³ Some professed atheists during the Soviet period were discreet religious believers (Anderson 1994; Tchepournaya 2003). Perhaps more people practiced alternative forms of gray-market spirituality, such as popular religion (Lewin 1985), shamanism (Balzer 1990), or the personality cult of Lenin (Tumarkin 1983) as a substitute for “real” religion. In China during the Cultural Revolution, the red market did not exist, the black market was severely suppressed, and most forms of gray-market religion—popular religion and alternative spiritualities—were repressed as well. However, one form of gray-market religion reached its peak during this period, the Mao personality cult or “political religion,” had hundreds of millions of sincere worshippers. Communist Party Chairman Mao Zedong was glorified as “the great savior of the people” (renmin de da jiuxing) and “the Red Sun” (hong taiyang). People danced and sang to Mao’s statue, and confessed sins and made vows before Mao’s portrait (Zuo 1991). The “Little Red Book” of Mao’s words was revered. Studying Mao’s quotes was institutionalized into the daily schedule of government officials, school students, factory workers, and village farmers. Even mathematics and science lessons in all textbooks began with the words of Chairman Mao.

To summarize these propositions in dynamic terms: Increased religious regulation will lead not to reduction of religion per se, but to a triple religious market. Although participation in formal religious organizations may decline, other forms of religiosity will persist and tend to increase. Moreover, given its ambiguous nature, a gray market in a heavily regulated society is likely to be large, volatile, and unsettled, making religious regulation an arduous task and impossible to enforce.

Let us now turn to the case of China. Given the lack of scholarly publications on China’s religious situation, I briefly review the historical developments before examining the triple markets.
RELIGIOUS REGULATION IN THE PEOPLE’S REPUBLIC OF CHINA (PRC)

After the CCP established the PRC in 1949, it spent the first 17 years attempting to bring all religions under control, followed by 13 years of eradication measures before relenting to a toleration policy. The following brief account of this history is based on original sources from Chinese authorities (MacInnis 1989; RAB 1995; Ye 1997; CPS 1998; Gong 1999; RAB 2000; Luo 2001), as well as from Chinese observers in the West (Bush 1970; MacInnis 1989; Pas 1989; Potter 2003).

In the ideological lexicon of the CCP, atheism is a fundamental doctrine that manifests in two major forms: (1) scientific atheism and (2) militant atheism. Scientific atheism, as an offspring of the European Enlightenment movement, regards religion as illusory, non-scientific, and backward. Thus, the advancement of science and education will lead to the natural demise of religion. In contrast, militant atheism, as advocated by Lenin and the Russian Bolsheviks, treats religion as a dangerous narcotic and a troubling political ideology that serves the interests of antirevolutionary forces. As such, it should be suppressed or eliminated by the revolutionary force. On the basis of scientific atheism, religious toleration was inscribed in CCP policy since its early days. By reason of militant atheism, however, atheist propaganda became ferocious, and the power of “proletarian dictatorship” was invoked to eradicate the reactionary ideology (Dai 2001).

Examining CCP’s religious policies through the lens of market analysis, we may distinguish different policies toward religious consumers (believers) and suppliers (leaders and organizations). Scientific atheism may contain sympathy for “deceived” consumers (believers), but it affords little tolerance for the “deceiving” suppliers (religious leaders and organizations). As soon as the PRC was established, militant atheism compelled the party to impose control and limitations on religious suppliers. Foreign missionaries, who were considered part of Western imperialism, were expelled, and cultic or heterodox sects that were regarded as reactionary organizations (fandong hui dao men), were banned. Further, major religions—Buddhism, Daoism, Islam, Catholicism, and Protestantism, which were difficult to eliminate and possessed diplomatic value for the isolated regime—were co-opted into national associations. Through tremendous government effort and a select few cooperative religious leaders, the China Protestant Three-Self (i.e., self-administration, self-support, and self-propagation) Patriotic Movement (TSPM) Committee was established in 1954. This was followed by the China Buddhist Association in 1955, the China Islamic Association in 1957, the China Daoist Association in 1957, and finally, the China Catholic Laity Patriotic Committee in 1957, which later became the China Catholic Patriotic Committee. In short order, previously existing denominational and sectarian systems within each religion were broken down and banned. Uniformity was imposed upon each of the five religions.

When the so-called Great Proletarian Cultural Revolution began in 1966, all religious sites were closed down. Many buildings were torn apart, statues of gods and religious artifacts were smashed, and religious scriptures were burned. Secretly keeping a religious scripture or an artifact was a crime, and some people took great risks to save scriptures, sculptures, and buildings in the name of preserving antiques or cultural heritages (Lang...
The few remaining believers were forced to make public renunciations or were “wiped away like dust” into dark prison corners or reeducation-through-labor camps. The complete ban was imposed on both religious demand and supply.

Following the death of Chairman Mao Zedong in 1976, Deng Xiaoping gradually emerged as the paramount leader within the CCP. Under his leadership, the CCP set a new course for the country, focusing on modernization and economic reform. In order to rally people around the central task of economic development, the pragmatic CCP began to loosen control over various aspects of social life. Regarding religion, eradication was replaced with toleration. Beginning in 1979, a limited number of Protestant and Catholic churches, Buddhist and Daoist temples, and Islamic mosques have reopened for religious services.

In 1982, religious toleration was formally reinstated, inscribed in the edict “The Basic Viewpoint and Policy on the Religious Affairs during the Socialist Period of Our Country,” now known as “Document No. 19” (Yang 2004). This central document has served as the basis for religious policy for over 20 years. It grants legal existence to Buddhism, Daoism, Islam, Protestantism, and Catholicism under the government-sanctioned “patriotic” associations, but not to any group outside of the five religious associations, nor to other religions. Furthermore, Document No. 19 proscribes proselytizing outside of approved religious premises, and directs that atheist propaganda must be carried out unremittingly, but not inside religious venues. In line with Document No. 19, the PRC Constitution of 1982 reaffirms freedom of religious belief, but clearly stipulates that only “normal” religious activities are protected.4

Since 1982, the CCP and the government have distributed circulars, enacted ordinances, and issued administrative orders (Potter 2003) that increasingly tighten control over religious supply. In 1991, the CCP released Document No. 6, which calls for a strengthened religious affairs administration, and includes an expansion of the number of Religious Affairs Bureau (RAB) cadres down to the township level of government. In 1994, the State Council published two ordinances that require all religious groups to register with the government and prohibit foreigners from proselytizing in China. In 1996, the CCP and the State Council issued a joint decree to curb the building of temples and outdoor Buddha statues by constricting authority to grant new building permits for religious venues to provincial governments. In 1999, Falun Gong was banned as an “evil cult” (xie jiao), and its core leaders were jailed, but the movement’s founder took refuge in the United States. After the initial crackdown on Falun Gong, the National People’s Congress Standing Committee adopted a “Legislative Resolution on Banning Heretic Cults” in October 1999, which legitimized the crackdown and expands it to other qigong and cultic groups. In the following years, provincial governments issued numerous “temporary” or “draft” ordinances and administrative orders aimed at religious groups, which were consolidated into the State Council’s Ordinance of Religious Affairs that took effect on March 1, 2005.

Having seen state eradication measures during the Cultural Revolution, many scholars once pronounced the death of religion in China (Welch 1961:13; Treadgold 1973:69; Pas 1989:20; Lambert 1994:9). However, religion disappeared only from the public scene. Not
only did many people maintain their faith in secrecy, but persevering believers also gathered for worship at home or in the wilderness. Once the total ban was lifted in 1979, a religious upsurge has outpaced regulatory expansion, in spite of accelerated efforts of control.

TRIPLE RELIGIOUS MARKETS IN REFORM-ERA CHINA

The Red Market
Since 1949, except for the 13 radical years between 1966 and 1979, the Chinese government has granted legal status to five religions under the control of “patriotic” associations: Buddhism, Daoism, Islam, Protestantism, and Catholicism. Chinese government sources have provided some religious statistics, which are guesstimates at best, and fabrications at worst. The only certainty is that they are undercounts.

The number of believers listed for 1956 and 1982 in Table 1 deserves particular attention. The 1956 numbers are the last official count before the coerced disband of denominations. After 13 years of eradication efforts (1966–1979), the official count in 1982 shows that the number of Catholics and Muslims remained the same, while the number of Protestant Christians increased 3.75 times from 800,000 to 3,000,000.

Of course, suppression has made an impact. For one thing, open participation in formal religious organizations was reduced to zero during the Cultural Revolution, and remained low in proportion to the population through the 1980s. Since the mid-1990s, the authorities have repeatedly claimed that there are about 100 million religious believers. If this is so, the proportion of believers in the entire population is less than 9 percent (100 million out of 1.3 billion). If this low proportion is even remotely close to reality, people who wish for religion’s demise certainly have a good reason to celebrate. But the reality is not so simple. The 100 million religious believers are only those within sight of the authorities, that is, the open market of religion. Many religious people have stayed away from the red market, but engaged in the black and gray markets.

The open religious market is not a free market. Many restrictions are imposed on government-sanctioned churches, temples, and mosques. They include “monitoring by the state, required political study for pastors [and other religious ecclesiastics], certain restrictions on acceptable topics for preaching and intervention in church personnel matters” (Bays 2003:492). Some restrictions are explicit in law, others are implicit in CCP circulars, and many are arbitrarily decided by local officials. Explicitly, Article 36 of the Constitution of the PRC (in effect since 1982) maintains: The state protects normal religious activities. No one may make use of religion to engage in activities that disrupt public order, impair the health of citizens, or interfere with the educational system of the state.

A key word here is “normal.” “Normal” religious activities are defined by the officials in charge. What is normal in other countries may not be normal in the eyes of the Chinese authorities. For example, religious education of children is a common practice in almost all countries. In China, however, providing religious education to children under age 18 is mostly prohibited. Christian churches cannot lawfully hold Sunday school for children. Similarly, churches are not allowed to baptize youth under age 18. Of course, exceptions
can be made when politically necessary, such as when a child was recognized as the reincarnation of the Tibetan Buddhist Penchan Lama. Religious initiation and education have been allowed for several boy lamas. In 2001, Christians filed a law suit against the local RAB in Wenzhou, Zhejiang, contending for equal rights to comparable religious

**TABLE 1. Official Statistics of Five Religions in China**

<table>
<thead>
<tr>
<th></th>
<th>Catholic</th>
<th>Protestant</th>
<th>Islamic</th>
<th>Buddhist</th>
<th>Daoist</th>
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<tbody>
<tr>
<td><strong>Believers (million)</strong></td>
<td><strong>Believers (million)</strong></td>
<td><strong>Population (million)</strong></td>
<td><strong>Believers (million)</strong></td>
<td><strong>Believers (million)</strong></td>
<td></td>
</tr>
<tr>
<td>Early 1950s</td>
<td>2.7</td>
<td>0.7</td>
<td>8.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>3.0</td>
<td>0.8</td>
<td>10.0</td>
<td>Several tens of millions</td>
<td>10.0</td>
</tr>
<tr>
<td>1982</td>
<td>3.0</td>
<td>3.0</td>
<td>10.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>3.5</td>
<td>4.5</td>
<td>17.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>4.0</td>
<td>10.0</td>
<td>18.0</td>
<td></td>
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<tr>
<th></th>
<th>Clergy</th>
<th>Clergy</th>
<th>Clergy</th>
<th>Monks/Nuns</th>
<th>Monks/Nuns</th>
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<tr>
<td>1982</td>
<td>3,400</td>
<td>5,900</td>
<td>20,000</td>
<td>27,000</td>
<td>2,600</td>
</tr>
<tr>
<td>1995</td>
<td>4,300</td>
<td>18,000</td>
<td>40,000</td>
<td>200,000</td>
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<th></th>
<th>Churches and meeting points</th>
<th>Churches and meeting points</th>
<th>Mosques</th>
<th>Temples</th>
<th>Temples</th>
</tr>
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<tbody>
<tr>
<td>1995</td>
<td>4,377</td>
<td>37,000</td>
<td>36,200</td>
<td>13,000</td>
<td>1,557</td>
</tr>
</tbody>
</table>

Sources:  

Notes:  
1. Li (1999) and Luo (2001) are officials of the CCP United Front Department.  
2. The numbers of the early 1950s are consistent with nongovernmental and non-Chinese publications.  
3. No number of Buddhist and Daoist believers is given in most of the years because there is no membership system. The only estimates in 1956 were uttered by the late Chairman Mao Zedong in a published conversation.  
4. The number of Muslims is the total population of 10 ethnic minorities that consider Islam as their ethnic religion, although many do not practice or believe.  
5. The professional ecclesiastics of different religions are not totally comparable because Buddhist and Daoist monks and nuns may not interact with lay believers, whereas Catholic priests, Protestant pastors, and Islamic imams are ministering to the laity.  
6. The religious venues of different religions also have very different functions: Churches and mosques are buildings for regular weekly lay gathering, whereas many temples are monasteries in the mountains that receive occasional pilgrims, and some of them are secluded for hermits with few or no outside visitors. The so-called Protestant and Catholic meeting points are mostly congregations with simple, shabby buildings, not necessarily small congregations.
practice for their children (Pomfret 2002), but the ban is still in effect. In the red market of religion, Chinese authorities do not treat all officially allowed religions equally.

The Black Market
When existing churches and temples cannot meet religious needs, many people will seek alternatives. Indeed, the religious black market was first created by the regime’s antireligious policy in the 1950s, when the government took great efforts to create the national “patriotic” religious associations. Many believers refused to join them because of theological and political considerations.

A major segment of the black market contains underground Catholics. The animosity between the Roman Catholic Church and the CCP goes back to the founding of the PRC in 1949. Madsen (2003) states:

In 1949, the Vatican, led by the strongly anti-communist Pope Pius XII, forbade Chinese Catholics, under pain of excommunication, to co-operate in any way with the new Chinese regime. . . . Because of the Vatican’s strict stance against any cooperation with communism, however, it was particularly difficult to find any Catholic bishops or priests who would accept leadership positions within the CPA [Catholic Patriotic Association]. Indeed, one requirement of accepting such a position was to sever one’s allegiance to the Vatican, which for Catholics would have been seen as a major betrayal of their identity. (P. 471)

The CCP authorities received little cooperation from the Catholic clergy. After persistent and heavy-handed maneuvers, the authorities succeeded in establishing the “China Catholic Laypeople Patriotic Association” (zhongguo tianzhu jiaoyou aiguohui) (Luo 2001). Only after sentencing the most prominent Catholic leaders, such as the Archbishop Ignatius Gong Pinmei of Shanghai, to long prison terms did the authorities find five bishops willing to assume leadership roles within the patriotic association. These bishops went on to consecrate several other bishops without Vatican approval. “Most Catholics,” however, “both clergy and laity, refused to participate in institutions controlled by these bishops. They carried on their faith in secret, sometimes under threat of severe punishment” (Madsen 2003:472). Today, the underground Catholic Church is well organized. An underground Catholic Bishops Conference operates parallel to the officially sanctioned “China Catholic Bishops Conference” within the China Catholic Patriotic Association (Madsen 2003:473). Recent estimates put the total number of Catholics in China at 12 million (Madsen 2003:468). About 4 million are associated with the officially sanctioned Catholic Church. “Perhaps six to eight million Catholics are associated with the so-called ‘underground church’” (Madsen 2003:472).

Initially, Protestant Christians, including the Little Flock, the True Jesus Church, other sectarian groups, and some independent congregations refused to join the Protestant TSPM. Once again, the authorities responded by jailing the stubborn leaders. The best known among them were Wang Mingdao in Beijing and Watchman Nee in Shanghai. Subsequently, many Protestants agreed to join the TSPM. In 1957, however, they reversed course when, dictated by the authorities, the TSPM Committee coerced all believers into the union worship service. All Protestants—Episcopalian, Methodists, Baptists, and
sectarian members—were forced to disband their denominations and come together for unified worship. All church properties were centralized under the TSPM Committee. As a reaction, many Christians, especially those of sectarian backgrounds, completely stopped attending church. However, as devout believers, they would not stop gathering for worship. They simply resorted to gatherings at private homes or in the wilderness. In 2002, during my fieldwork research in Wenzhou, a coastal city in the southeast, a Christian leader pointed me to the wooded hillside where, during the Cultural Revolution, they gathered for worship in the night. While gathering, a watchman stood on guard at the foot of the hill. If police or militia security personnel came in sight, he would use a flashlight to signal an imminent danger, and the congregation would disassemble into the woods. They never stopped worship gatherings, he told me. Christians in many other regions similarly practiced in secrecy (Aikman 2003). These underground “house churches” became seeds of revivals in the 1980s and 1990s (Chao and Chong 1997).

Although many churches have reopened since 1979 under the auspices of TSPM, many “house churches” continue to stay underground. Dissenters criticize the TSPM mostly for its unconditional political submission and the liberal theology among the TSPM top leaders. Moreover, as evangelical Christians, they cannot abide by the regulation that prohibits evangelism outside of church premises. Because their existence and activities are illegal, the house churches “are vulnerable to much more coercive and punitive state action, including physical harassment, detention, fines, and labor re-education or criminal proceedings and prison sentences” (Bays 2003:492; see also Dunch 2001). However, house churches are too widespread for the government to efficiently eliminate.

Given the underground nature of the house churches, it is very difficult to estimate how many Christians are involved. The existing estimates vary widely, from 10 million to 100 million. In the early 1990s, a very careful study suggested that the total number of Protestants in both TSPM and house churches was likely to be 20 million or more (Hunter and Chan 1993:66–71), which means that, at that time, over half of the Protestants were in the underground. By the end of the 1990s, an evangelical source concluded that there might be a total of 50 million Protestants (Lambert 1999). This claim was substantiated with province-by-province counting, which was reportedly informed by direct observations and interviews with local church leaders. Given its careful counting procedure and prudent reasoning, the study’s estimate of 50 million Protestants seems more credible than other estimates (see Bays 2003). If so, four out of five Protestant Christians in China today are in the underground.

People who argue for a lower Protestant estimate may say that not all self-claimed Christians are indeed Christians, and many of them may belong to heretic cults. Indeed, the rapid growth of underground churches in the countryside, coupled with a lack of orthodox theological training, according to Daniel Bays (2003), has, resulted in some extreme groups evolving into sects which most Christians would unhesitatingly label heretical. Groups such as the Beili wang (Established king), Mentuhui (Disciples sect), and many others often have a charismatic leader who proclaims himself to be Christ or otherwise divine, and who creates new sacred instructions or scriptures. (Pp. 467–497)
Triple Religious Markets in China

Fenggang Yang

The Chinese authorities have officially singled out dozens of interprovincial sectarian/cultic groups (see Table 2) and taken resolute measures, including hunting down and jailing leaders and the most active members, tearing down buildings, confiscating possessions, and fining and reeducating (deprogramming) the loyal followers.

Not included in Table 2 are many more banned congregations and groups active within only one province, and non-Christian groups founded in other countries, such as the Unification Church, the Children of God, the True Buddha Sect, and so on that have been present in China.

No estimates exist regarding underground Buddhists, Daoists, and Muslims. In cities like Shanghai, scholars have observed numerous so-called private Buddhist temples or chapels at private homes. Their operation is similar to the Protestant “house churches.” Many Daoist ritual specialists (huo ju dao shi) are active in Shanghai and in the provinces along the Yangtze River (Gong 2001; Yang 2005). They are comparable to the so-called Protestant self-claimed evangelists (zi feng chuan dao ren), who are subject to crackdowns. Among the ethnic separatists, there are also Tibetan Buddhists (Birnbaum 2003) and Uyghur Muslims (Gladney 2003). The authorities have carried out repeated and severe crackdowns on the separatists.

The costs of engaging in the black market of religion in China are very high. Once found by the authorities, leaders and believers may suffer psychological abuse, physical torture, monetary fines, temporary detention, labor camps, prison terms, and even death penalties. In spite of these dangers, black-market religion cannot be wiped out. Sectarian groups such as the “Shouters” have been banned since the early 1980s, but 20 years later they are still active in many parts of China. After some leaders were rounded up, new leadership and groups sprang up. Moreover, novel groups keep emerging. The high costs of engaging in the black market have not deterred religious virtuosos. On the other hand, however, the high costs are unbearable to most people. When religious needs cannot be met in the open market, and the potential costs are too great in the black market, many people seek alternatives in the gray market.

The Gray Market

The gray market of religion is very complex. Boundaries between the gray market, open market, and black market are vague, elastic, and constantly shifting. In any society, informal religious and spiritual activities are difficult to document, and the political restrictions in China present additional obstacles to data collection. Here, I can only offer some broad brush strokes to illustrate the gray market’s huge size and complexity. I will describe the gray market in two general categories: (1) explicitly religious and (2) implicitly religious phenomena. Explicitly religious phenomena include illegal activities of legal religious organizations and individuals, and ambiguous groups and activities sponsored by government agencies or officials. Implicitly religious phenomena include religions expressed as culture and as health science.

The first type of gray-market religion is explicitly religious. It is worth noting that government-sanctioned religious groups and individuals have undertaken illegal religious activities. The authorities have imposed various restrictions on the five religions.
### TABLE 2. A Partial List of Indigenous, Christianity-Related Sectarian or Cultic Groups that Had Spread across Provincial Borders and Were Banned by the Chinese Government

<table>
<thead>
<tr>
<th>Cult/Sect</th>
<th>Chinese name</th>
<th>Founder/Key leader</th>
<th>Origin</th>
<th>Year founded/spread</th>
<th>Year banned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shouters 2</td>
<td>Changshouzhu jiao</td>
<td>He Enjie/Zhao Weishan</td>
<td>China</td>
<td>1980s</td>
<td>1996</td>
</tr>
<tr>
<td>Established King</td>
<td>Beili wang</td>
<td>Wu Yangming</td>
<td>Anhui</td>
<td>1988</td>
<td>1995</td>
</tr>
<tr>
<td>Lightning from the East</td>
<td>Dongfang shandian/Quanneng</td>
<td>Deng/Zhao Weishan</td>
<td>Henan</td>
<td>1991</td>
<td>1999</td>
</tr>
<tr>
<td>(All Mighty God; Actual God)</td>
<td>Shen/Shiji Shen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lord God Sect</td>
<td>Zhushen jiao</td>
<td>Liu Jiaguo</td>
<td>Hunan</td>
<td>1993</td>
<td>1995</td>
</tr>
<tr>
<td>Lingling Sect</td>
<td>Lingling jiao</td>
<td>Hua Xuehe</td>
<td>Jiangsu</td>
<td>1983</td>
<td>1991</td>
</tr>
<tr>
<td>All Scope Church</td>
<td>Quanfanwei jiaohui</td>
<td>Xu Yongze</td>
<td>Henan</td>
<td>1984</td>
<td>1988</td>
</tr>
<tr>
<td>South China Church</td>
<td>Huanan jiaohui</td>
<td>Gong Shengliang</td>
<td>Hubei</td>
<td>1990</td>
<td>2001</td>
</tr>
<tr>
<td>Disciples Sect (Narrow gate)</td>
<td>Mentu hui (kuangye zhai men)</td>
<td>Ji Sanbao</td>
<td>Shaanxi</td>
<td>1989</td>
<td>1990</td>
</tr>
<tr>
<td>Three Ranks of Servants</td>
<td>Sanban puren</td>
<td>Xu Shengguang; Huo Congguang</td>
<td>Anhui</td>
<td>1980s</td>
<td>1999</td>
</tr>
</tbody>
</table>

Sources: Li and Fu 2002 (cf. CRF 2002); several other sources.

Note: These five cults were closely related, later ones were split-off cults. These two groups were related, and the latter split off from the former. There are disagreements among overseas Christians regarding their Christian orthodoxy. These groups are commonly regarded as orthodox evangelicals by overseas Christians.
<table>
<thead>
<tr>
<th>Cult/Sect</th>
<th>Chinese name</th>
<th>Founder/Key leader</th>
<th>Origin</th>
<th>Year founded/spread</th>
<th>Year banned</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Cold Water Sect</td>
<td>Lengshui jiao</td>
<td>Wu Huanxing³</td>
<td>Guangdong</td>
<td>1985 or 1988</td>
<td>1991 or 1999</td>
</tr>
<tr>
<td>12 China Gospel Fellowship</td>
<td>Zhonghua fuyin tuanqi</td>
<td>Shen Yiping; Feng Jianguo</td>
<td>Henan</td>
<td>1980s</td>
<td>?</td>
</tr>
<tr>
<td>13 China Fangcheng Church (China for Christ)</td>
<td>Zhongguo fangcheng tuandui (Huarenguizhi jiaohui)</td>
<td>Zhang Rongliang; Zheng Shuqian</td>
<td>Henan</td>
<td>1980s</td>
<td>?</td>
</tr>
<tr>
<td>14 China Blessings Church</td>
<td>Zhonghua mengfu tuandui</td>
<td>Zheng Xianqi</td>
<td>Anhui</td>
<td>1980s</td>
<td>?</td>
</tr>
<tr>
<td>15 China Truth Church</td>
<td>Zhonghua zhenli tuandui</td>
<td>Jiang Yuxiang</td>
<td>Anhui</td>
<td>1980s</td>
<td>?</td>
</tr>
<tr>
<td>16 Commune Sect</td>
<td>Fanwugongyong pai</td>
<td>Liang Jiaye</td>
<td>Shandong</td>
<td>1991</td>
<td>1994</td>
</tr>
<tr>
<td>17 Disciples Faith Sect</td>
<td>Shitu xinxin hui</td>
<td>Zuo Kun</td>
<td>Shanghai or Beijing</td>
<td>1995</td>
<td>?</td>
</tr>
<tr>
<td>18 Resurrection Sect</td>
<td>Fuhuo Dao</td>
<td>Guo Guangxu; Wen Qiuhui</td>
<td>Henan</td>
<td>1996</td>
<td>1999</td>
</tr>
</tbody>
</table>

Sources: Li and Fu 2002 (cf. CRF 2002); several other sources.

Note: *These five cults were closely related, later ones were split-off cults.

*These two groups were related, and the latter split off from the former. There are disagreements among overseas Christians regarding their Christian orthodoxy.

*These groups are commonly regarded as orthodox evangelicals by overseas Christians.
supervised by the “patriotic” associations. For instance, no proselytizing is allowed outside religious premises. However, most religions are proselytizing religions, and the urge to proselytize is difficult to suppress. In fieldwork visits to aboveground churches in large coastal cities and small inland cities, I met, or heard about, pastors who had ventured out to preach at unapproved “gathering points” (juhui dian). They did it discreetly, of course, but also with justification. They commonly asserted that had they not done so, those “gathering points” might have been in greater danger of influence by heretical cults, which would disturb social stability, a paramount concern of the current regime. Some of the local officials of the RAB seemed to be aware of such activities, but many watched them with “one eye closed” unless the activities became too conspicuous. For example, the government-sanctioned Nanjing Theological Seminary has had faculty members and students discreetly preaching at underground house churches. In 1999, three such students were ordered to quit school; in 2000, a faculty member, Mr. Ji Tai, was expelled.

Similarly, the clergy in the Catholic Patriotic Association also engages in activities that the government considers illegal. Although the authorities forbid Catholics from having organizational connections with the Vatican, more than two-thirds of the bishops in the government-sanctioned church have quietly received “apostolic mandates,” or official approval, from the Vatican. Consequently, “There is now no clear distinction between an open church which the government controls politically and an underground church which it does not” (Madsen 2003:483). The authorities have failed to stop part of the red market from turning gray.

Another manifestation of the explicitly religious type in the gray market is, ironically, sponsored by certain government agencies or individual officials, who do so mostly for political or economic reasons. For example, in order to bring Taiwan closer to mainland China through direct links of transportation and commerce, a goal adamantly resisted by Taiwanese authorities, Chinese authorities restored and rebuilt Mazu temples in Meizhou, Fujian, the legendary birthplace of the girl who eventually came to be worshipped as goddess Mazu or Tianhou. Part of the intent was to encourage Mazu worshippers in Taiwan to take homage trips, which would pose pressures on the Taiwanese government to open direct links with the mainland.

A major reason that government agencies support temple revivals is that they wish to attract overseas Chinese investments and businesses. “Build the religious stage to sing the economic opera” (zongjiao datai, jingji changxi) is the plain intention, and many local governments have put this strategy in practice, essentially pouring oil on the fire of religious revivals. Falling into this category are some Huang Daxian (Wong Tai Sin, in Cantonese) temples. In 1984, when Lang and Ragvald (1993) started their study of the Huang Daxian temple in Hong Kong, no Huang Daxian temple existed in mainland China because all of them had been destroyed. By 2001, however, at least a dozen Huang Daxian temples had been rebuilt in Guangdong and Zhejiang Provinces. Moreover, 6 of the 10 temples documented in the study “were founded with the support and sometimes at the initiative of agencies of the local government” (Lang, Chan, and Ragvald 2002:14).

The agencies involved in temple-reviving projects include the Tourist Bureau, the Cultural Affairs Bureau, and the Preservation of Historic Sites Bureau of a local
government. By 1996, the construction of temples and outdoor Buddha statues had become so widespread that the central government issued a circular to curb the craze. Consequently, many temples were torn down, some were converted to secular uses, and others were co-opted into the existing Daoist or Buddhist “patriotic” associations. This shows the ambivalence of the authorities that, on the one hand, hope to promote economic development and, on the other hand, uphold the atheist ideology. It also reflects the complex orientations and priorities of various bureaus at different levels of government.

When explicitly religious organizations and activities are restricted and curbed, many individuals resort to more implicit forms of religion. When they carry out activities in the name of culture or science, no religious regulation applies, even if most scholars in the West normally classify such groups and activities as religious.

In traditional Chinese society, alongside the institutional religions, there existed a so-called diffused religion (Yang 1960), that is, religious elements intimately merged in the secular institutions and social life. Between 1949 and 1979, the authorities tried hard to extract and expel religious elements from secular institutions. Since 1979, however, diffused religion has come back. Such elements mostly returned in the name of culture, for “culture” is a neutral or positive concept without ideological weight (Yang 2004).

The government has restored many temples in order to reap the economic benefits of tourism. It has also restored temples dedicated to ancient and legendary kings of Yan, Huang, Yao, Shun, and Yu with the intention to strengthen cultural ties with all Chinese in the world. Many villages and towns have revived popular practices, including building temples dedicated to historic heroes and immortals that have become tutelage gods. They hold dedication ceremonies, temple fairs, and festival celebrations. These temples and activities are difficult to classify as either Daoist or Buddhist, although they often include Daoist gods and Buddhas or Bodhisattvas in their pantheons. Some may be more organized than others, such as the Three-in-One cult (sanyi jiao) in Fujian (Dean 1998), but most remain informal. The whole village often supports the construction of such temples, and retired officials frequently organize the projects. Most villagers and clansmen participate in the celebration of festivals and fairs related to the temple. As such, these activities are regarded as part of the local cultural tradition or folklore, rather than religion. Revived local communal religions have been observed in Southeast China (Dean 1993; 1998; Kuah 2000; Dean 2003), Northwest China (Jing 1996), and North China (Zhang 2001; Fan 2003), and they are spreading all over the country. In addition, many households maintain an ancestral altar or a shrine dedicated to gods and goddesses. Many clan ancestral temples (ci tang) have been rebuilt as well. I have also seen many restaurants and businesses in Beijing, Guangzhou, and other cities that conspicuously display an altar for the Tudi (earth god) or Caishen (wealth god).

A more widespread manifestation of implicit religion is qigong in the name of health science. The word qigong means, literally, the power or exercise of qi (air or breathing). Simply put, qigong is a form of physical exercise, meditation, and healing. Not all qigong groups or practices are religious. The qigong phenomenon in the PRC has been extremely complex, entangled with traditional Chinese medicine, modern scientism, body politics, and now international relations (Xu 1999; Chen 2003a,b). A detailed examination of
qigong is beyond the scope of this article, but suffice it to say that most qigong groups and practices are a form of implicit religion. First, almost all large qigong groups offer an explanatory system that uses Buddhist and/or Daoist concepts and theories. Only a very few rudimentary qigong practices resemble the martial arts (wu shu) or general physical exercises (ti cao) in claiming no supernatural elements. Second, most qigong masters claim to be heirs of certain ancient Daoist or Buddhist lineages, and assert that they have been sent by certain mystical masters to “go out of the mountains” (chu shan) and spread the gong. Third, the practices often involve meditating over religious images or cosmic principles, reciting mantras, and/or reading scriptures. For political and cultural reasons, qigong masters and practitioners have insisted that they are not religious, in order to avoid religious regulations. However, to some extent, they are comparable to New Age religions, occults, magic, yoga, or “client and audience cults” (Stark and Bainbridge 1985) in the West. Some are well-organized NRMs.

Between 1979 and 1999, there were tens of thousands of qigong teachers and masters, and thousands of qigong groups with many followers. Some large qigong groups established “cultivation and education bases” (xiulian peixun jidi) and “research centers” (yanjiu zhongxin) with magnificent buildings, and organized hundreds or thousands of “cultivation points” (liangong dian), most of which were in public parks or streets. The largest and most effective ones became powerful economic enterprises and efficient organizations with enthusiastic cadres (see Table 3).

Qigong groups also commonly adopted the latest scientific terms, thus insisting that they were related to science instead of religion. In fact, it was some top-ranked scientists holding high-level political positions who helped qigong take off with a bang in the 1980s. The most enthusiastic supporters of qigong included Qian Xuesen (Tsien Hsue-shen), father of China’s aerospace science, and General Zhang Zhenhuan, head of the National Defense Science and Engineering Commission. General Zhang later headed the China Qigong Scientific Research Council (qigong kexue yanjiu hui), which provided institutional legitimacy for many qigong groups. When a new qigong master emerged, if he managed to take a photo with Qian, Zhang, and/or other top officials, he would instantly become a great master, and soon attract hundreds and thousands of followers. Such photos with political figures serve not only publicity purposes, but also provide legitimization and protection.

Before 1999, most qigong groups existed in some sort of legitimate form, such as being affiliated with either the Physical Education and Sports Bureau, or the Science and Technology Association (keji xiehui). Some of the less religiously oriented qigong masters were housed in hospitals as specialty physicians. However, the ambiguous nature of qigong groups had caused dissension within the party ranks from the very beginning. Since 1981, top party ideologues such as Yu Guangyuan (1997) have continually voiced strong criticisms of the so-called paranormal power (teyi gongneng) and called for restriction. Beginning in about 1990, a few overly religious qigong masters were prosecuted and jailed.

Among the largest qigong groups, Falun Gong came in late. Soon after its launching in 1992, however, it swept the country. Its fast spread was partly because of its quasi-religious nature and its increasingly religious overtones in a receptive culture (Leung
### TABLE 3. A Partial List of Widespread, Major Qigong Groups by 1999

<table>
<thead>
<tr>
<th>Name</th>
<th>Chinese name</th>
<th>Founder</th>
<th>Origin</th>
<th>Founding year</th>
<th>Year banned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guolin New Qigong</td>
<td>Guolin Xinqigong</td>
<td>Guo Lin</td>
<td>Beijing</td>
<td>1979</td>
<td>1999</td>
</tr>
<tr>
<td>Flying Crane Gong</td>
<td>Hexiangzhuang</td>
<td>Zhao x, Pang Ming</td>
<td>Beijing</td>
<td>1980</td>
<td>1999</td>
</tr>
<tr>
<td>China Wisdom Power Gong</td>
<td>Huaxia Zhineng Gong</td>
<td>Pang Ming</td>
<td>Hebei</td>
<td>1985</td>
<td>1999</td>
</tr>
<tr>
<td>Qian Dragon-Gate Gong</td>
<td>Qianzi Longmen gong</td>
<td>Su Xueliang</td>
<td>Beijing</td>
<td>1980s</td>
<td>1999</td>
</tr>
<tr>
<td>Yanxin Qigong</td>
<td>Yanxin Qigong</td>
<td>Yan Xin</td>
<td>Sichuan</td>
<td>1985</td>
<td>1999</td>
</tr>
<tr>
<td>Greater Nature Center Gong</td>
<td>Daziran Zhongxin Gong</td>
<td>Zhang Xiangyu</td>
<td>Qinghai</td>
<td>1985</td>
<td>1990</td>
</tr>
<tr>
<td>Wisdom Lotus Gong</td>
<td>Huilian Gong</td>
<td>Chen Linfeng</td>
<td>Beijing</td>
<td>1986</td>
<td>1999</td>
</tr>
<tr>
<td>Zhong Gong</td>
<td>Zhong Gong</td>
<td>Zhang Hongbao</td>
<td>Beijing</td>
<td>1987</td>
<td>1999</td>
</tr>
<tr>
<td>Huitong Dantian Gong</td>
<td>Huitong Dantian Gong</td>
<td>Zhang Yuei</td>
<td>Baoding, Hebei</td>
<td>1987</td>
<td>1999</td>
</tr>
<tr>
<td>Jingjin Neidan Gong</td>
<td>Jingjin Neidan Gong</td>
<td>Wang Qinyu</td>
<td>Chengdu, Sichuan</td>
<td>1987?</td>
<td>1999</td>
</tr>
<tr>
<td>Fragrance Gong</td>
<td>Xiang Gong</td>
<td>Tian Ruisheng</td>
<td>Luoyang, Henan</td>
<td>1988</td>
<td>1999</td>
</tr>
<tr>
<td>Zhonghua Shengong</td>
<td>Zhonghua Shengong</td>
<td>Zhu Zhenggao</td>
<td>Qingdao, Shandong</td>
<td>1988</td>
<td>1999</td>
</tr>
<tr>
<td>All Dimensions Return to One</td>
<td>Wanfa Guiyi</td>
<td>Zhang Xiaoping (fozi)</td>
<td>Huhhot, Neimong</td>
<td>1989</td>
<td>1995</td>
</tr>
<tr>
<td>Bodhi Gong</td>
<td>Puti gong</td>
<td>Di Yuming</td>
<td>Guangdong, Guangdong</td>
<td>1991</td>
<td>1999</td>
</tr>
<tr>
<td>Shenchang Bodily Science</td>
<td>Shenchang Renti Keji</td>
<td>Shen Chang</td>
<td>Suzhou, Jiangsu</td>
<td>1991</td>
<td>1999</td>
</tr>
<tr>
<td>Falun Gong</td>
<td>Falun Gong</td>
<td>Li Hongzhi</td>
<td>Jilin</td>
<td>1992</td>
<td>1999</td>
</tr>
</tbody>
</table>
2002; Lu 2005). Initially, it registered with the China Qigong Scientific Research Council. However, its religious overtones quickly caused concerns, and Falun Gong was subsequently deregistered in 1996. Some Falun Gong leaders then sought to affiliate with the China Buddhist Association, but failed. At this time, Falun Gong had gained millions of followers all over China, and had spread globally to the United States, Australia, and other countries as well. In 1999, Falun Gong made a bold move by gathering over 10,000 followers to surround Zhongnanhai, the headquarters of the CCP and the central government, to demand official legalization of Falun Gong. The authorities responded with a determined crackdown, and banned it as an “evil cult” (xie jiao). Following this, Zhong Gong, Xiang Gong, and other large qigong groups were all tagged as evil cults and were banned. Their key leaders were prosecuted, properties confiscated, and practices prohibited. In fact, all qigong groups were disbanded or deregistered. Finally, the China Qigong Scientific Research Council was officially deregistered by the State Civil Affairs Department in summer 2003. The group practice of qigong in the park in the morning, once a universal scene all over China, has disappeared.

Making qigong illegal has blackened a significant part of the gray market. However, with millions of followers in each of the major qigong groups, the ban cannot halt qigong practice completely. Suppressed in the public sphere, some qigong practitioners went underground, just like what some Christians did in the 1950s. Falun Gong followers persist despite severe crackdowns, but the number of practitioners is probably small. Most of the former qigong practitioners seem to have stopped practicing. In many conversations with relatives, friends, and acquaintances who once practiced qigong, I discovered that most have given up, and some have converted to Buddhism or Christianity.

After a pause of several years, some qigong groups have managed to reemerge, albeit under new names and with great caution. For example, Guolin New Qigong followers now practice in public parks under the name Guolin Fitness Way (guolin jianshen fa). The religious or supernatural words are removed or significantly toned down, at least in public. Currently, several major qigong groups are quietly regrouping through Internet Web sites, exploring ways to go public again. In 2004, the jianshen qigong (health-oriented qigong) regained legal status under the supervision of the China Physical Education and Sports Bureau. A major challenge for the regulators is determining how to distinguish and certify health qigong masters from the rest.

How large is the gray market of religion in China today? Based on the estimates in previous sections, we can say that there are about 100 million people engaged in the red market, and around 200 million people engaged in the black market. If these estimates are accurate, about 1 billion people are neither in the open market nor in the black market of religion. Are these 1 billion Chinese really irreligious, or are they simply engaged in the gray market of religion? Without surveys based on national probability sampling, it is impossible to tell one way or the other. However, a survey of young people in Shanghai provides some indications. Conducted in 1995 by the Shanghai Chinese Communist Youth League (CCYL), respondents were young people within the reach of the CCYL. If there is any bias in the sample, it is probably over representative of more “progressive” young people who were closer to the CCP’s atheist ideology. Surprisingly, however, only
18 percent of respondents clearly rejected the so-called superstitious beliefs (mixin) (see Table 4). Perhaps more surprisingly, this proportion is not really different from that in the U.S. population. For example, the 1994 General Social Survey included a question on astrology, and only 19 percent of Americans definitely rejected it (see Table 5).

Note that some religious believers in the open and black markets, such as conservative Protestants and certain Buddhists, also reject these paranormal beliefs. Without better measurements for comparison, the findings in Tables 4 and 5 are at least indicative that Chinese openness toward supernatural beliefs is probably not much lower than that of Americans. The difference between the Chinese and the Americans is not that the Chinese are naturally irreligious and the Americans are innately religious, but that the U.S. religious market is exceedingly mobilized, whereas the Chinese religious market is seriously underdeveloped.

If over 80 percent of the Chinese population is at least open toward supernatural beliefs, but only small minorities have been recruited into either the government-approved religions or the underground ones, there exists a huge gray market with hundreds of millions of potential religious consumers. Perhaps many of them have unmet religious needs, or are waiting to be awakened. Many may consciously or unconsciously engage in the gray market of implicitly religious groups or spiritual entrepreneurs. Such a huge gray market is destined to be a fertile ground for NRM.

**TABLE 4.** Beliefs in Superstitions among Shanghai Young People

<table>
<thead>
<tr>
<th>What is your attitude toward suan gua (fortune telling), ce zi (glyphomancy—analyzing the parts of Chinese characters), xiang mian (physiognomy—face-reading)?</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely believe</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Do not believe completely but cannot disbelieve</td>
<td>42</td>
<td>412</td>
</tr>
<tr>
<td>Are curious about it but do not believe</td>
<td>31</td>
<td>299</td>
</tr>
<tr>
<td>They are sheer nonsense</td>
<td>18</td>
<td>178</td>
</tr>
<tr>
<td>It is hard to say</td>
<td>8</td>
<td>73</td>
</tr>
</tbody>
</table>


**TABLE 5.** American Attitudes toward Astrology

<table>
<thead>
<tr>
<th>Astrology—the study of star signs—has some scientific truth</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely true</td>
<td>9</td>
</tr>
<tr>
<td>Probably true</td>
<td>38</td>
</tr>
<tr>
<td>Cannot say</td>
<td>10</td>
</tr>
<tr>
<td>Probably not true</td>
<td>24</td>
</tr>
<tr>
<td>Definitely not true</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: 1994 General Social Survey.
DISCUSSION

In order to apply the economic approach to religion in China, a society with drastically different religious and political traditions, a triple-market model is developed in this article. The gray-market concept is central in this model. It accentuates noninstitutionalized religiosity that has been largely neglected in studies of the economic approach that focus on American and European societies. The gray market comprises all religious and spiritual organizations, practitioners, and activities that have ambiguous legal status. Some of the groups and practices are so ambiguous that scholars of religious studies may find it difficult or controversial to classify them as religious. Nonetheless, such spiritual alternatives compete with conventional religions in the religious marketplace.

The China case demonstrates that the boundaries of the tripartite market are not clear cut, but are constantly shifting. During the eradication period from 1966 to 1979, no open market existed. All religious organizations and activities were repressed so severely that religion could exist only in the black or gray markets. Since 1979, some religious groups have been legalized. However, deciding which religious groups are to be allowed or banned is a constant challenge for regulators and regulation enforcers. CCP agencies, the central government, and provincial and local governments are not always on the same page in regard to particular religious groups and activities. For example, some local governments encouraged, and even sponsored, restoring temples for the purpose of attracting overseas investment, but the central government curbed the frenzy by tearing down most of the new buildings. However, some of the temples built this way were co-opted into “patriotic” religious associations, and were therefore moved from the gray market into the red market. Throughout the 1980s and 1990s, qigong groups were allowed, or even encouraged by various government officials. Since 1999, however, all qigong groups have been disbanded, thus turning these gray market groups black.

When stronger regulations blacken previously gray market segments, two consequences are inevitable: (1) the black market is enlarged and (2) the gray market is emptied. Criminalization will likely reduce the total number of religious adherents because not all want to practice in the underground, but the emptied gray market opens up space for new and innovative suppliers. The level of volatility in the gray market increases as charismatic and entrepreneurial individuals and groups rise to fill the emptied niches. The ambiguity of gray market practices makes it difficult to regulate or enforce regulations.

The triple market is most obvious in China under Communist rule, but is probably widespread in most societies. It apparently existed in countries of the former Soviet bloc. Most studies of religion in the Soviet bloc have focused on government-sanctioned churches (the red market) and/or underground groups (the black market). These studies have shown the dynamics of the two markets. For example, in the former Soviet Union, “The closure of monasteries led to the phenomenon of ‘monasteries without walls’ and ‘monasticism in the world’ ” (Wynot 2002:66). In 1963, the Council for the Affairs of Religious Cults claimed to have successfully reduced the number of Muslim communities, Old Believers, and Baptists, but also admitted that the number of illegal
Triple Religious Markets in China

Fenggang Yang

synagogues, Roman Catholic, and Lutheran churches increased. In addition, there were illegal sects, including Pentecostals, Jehovah's Witnesses, and True Orthodox. Anderson (1994) states:

Clearly, in this area the state enjoyed limited success, with even the reported reductions perhaps hiding the continuing extent of the problem. Indeed, official policies during these years may have compounded the problem, for the deprivation of registration did not guarantee the death of a congregation. (P. 58)

Without the theoretical tool of the gray market, legally ambiguous groups and activities have been largely neglected. However, we know that shamanism existed as a form of ethnic culture, and this and other popular religious practices persisted in the former Soviet Union (Lewin 1985; Balzer 1990). Other types of gray-market religions probably existed as well. Given that the red market was heavily restricted and the black market was suppressed in the former Soviet Union, there must have been a substantial gray market. More focused historical research is needed.

The Communist government of Poland maintained probably the least-restrictive religious regulation in the Soviet bloc, and the majority of the population remained openly active Catholics throughout the period of Communist rule. Correspondingly, the black market was small, with perhaps only a few illegally organized Catholic groups from time to time, and a small number of Catholics who openly dissented from the “patriotic priests” and “regime Catholics.” Nevertheless, a gray market existed. Catholics carried out activities that the government found objectionable, such as popular devotions to the Black Madonna, pilgrimages to shrines, and “the Great Novena of the Millennium” festivities (Osa 2003).

The three religious markets coexisted in many other highly regulated markets as well. For example, in medieval Europe, besides the monopolistic Catholic Church (the open market) and the suppressed heretic groups (the black market), there were widespread popular religious practices that contained pagan elements, toward which the official church and the state held uneasy positions. In addition, there was Judaism, which was variously suppressed or tolerated. Overall, the gray market might not have been very small. In East Asia, Taiwan was heavily regulated until 1987 under the Chinese Nationalist Party (Kuomintang or Guomindang). The triple-market dynamics were evident: There was a red market of government-sanctioned religions, a black market of government-suppressed religions, and a large gray market of folk religion and spiritual groups. Pre-World War II Japan and South Korea, under authoritarian regimes, also imposed heavy regulation on religion. Both societies were fertile fields that bred numerous new religious or spiritual movements. Similar phenomena can also be found in modern South America, where indigenous and/or heretical groups are widespread.

A gray market may exist even in the United States, where nonconventional religions are making inroads in the form of “health science,” such as yoga and meditation centers, or “ethnic culture.” Since 1997, immigrant Buddhists in Houston have celebrated Vesak, the Buddha’s birthday, largely as a cultural or an ethnic fiesta, during which a concert of Buddhist music is held at a university to introduce Buddhism to the nonimmigrant public (Yang 2000).
How much can the state control religion through regulation? Obviously, the efficacy of state power has been exaggerated both in regard to Western societies (claiming that deregulation would lead to the demise of religion) (see Finke 1990) and to China (believing state suppression would eradicate religion). The triple-market theory shows that market forces are at work, and religious groups and believers may not respond in ways that the regulators want. Heavy regulation cannot effectively reduce religion. It can only complicate the religious market by pushing religious organizations and believers into the black and gray markets. Under heavy regulation, the gray market is not only huge, but it is also volatile, providing a fertile ground for NRMs. For regulators and regulation enforcers, the gray market means an unmanageable state of religious affairs.

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NOTES

1 "Whether or not (1) there is a single, officially designated state church; (2) there is official state recognition of some denominations but not others; (3) the state appoints or approves the appointment of church leaders; (4) the state directly pays church personnel salaries; (5) there is a system of ecclesiastical tax collection; (6) the state directly subsidizes, beyond mere tax breaks, the operating, maintenance, or capital expenses for churches" (Chaves and Cann 1992:280).

2 I will have more discussion of the religious dimension of qigong when describing the gray market. The unconscious consumption of qigong as a religion is a view shared by other scholars. For example, David Ownby recently states, "Few of the millions of those participating in the qigong boom were aware of the ‘religious’ dimension of what they were doing, although many qigong masters explained the workings of qigong by reference to traditional spiritual and religious discourses" (see “Unofficial Religions in China: Beyond the Party’s Rules,” a round table held on May 23, 2005, by the Congressional–Executive Commission on China).

3 The only exception is East Germany, where the rebound of religiosity in conventional religion has been modest. However, it is this exception, not the general pattern of religious rebound, which begs further research and explanation (Froese and Pfaff 2001; Froese 2004a). I would speculate that it is possible that alternative spiritualities in a gray market of religion are abundant in East Germany.

4 There have been a number of annotated English translations of the Chinese Constitution, CCP Documents and government ordinances, and detailed, explanatory analyses of them. See, for example, MacInnis 1989; Pas 1989; Human Rights Watch/Asia 1993, 1997; Potter 2003; Spiegel 2004.

5 Because of the Communist desire for reducing religion, local government officials tend to report lower numbers of religious believers than what exist in reality. As a matter of fact, Ye Xiaowen, the
head of the State RAB since 1995, acknowledges this ubiquitous problem in a speech at the CCP Central School in Beijing. According to him, a major problem of gathering accurate statistics is that, as a rule of the political game, “the numbers come from the cadres; and the cadres come from the numbers.” “More precisely,” Ye says, “regarding religion, it is ‘the negative numbers come from the cadres; and the cadres come from the negative numbers’” (Ye [1997] 2000:9). In other words, local officials who report negative or lower growth of religion are more likely to get promoted. On the other hand, counting religious believers is difficult. Buddhism and Daoism do not have a membership system. A Buddhist and Daoist believer does not belong to a particular temple, may patronize several temples, or may just practice at home. Although Protestant and Catholic churches have had clear definitions of membership, congregational leaders are often discouraged from reporting the real numbers because of the government’s hostile policies toward religion. Many churches do not even keep baptismal records, so that baptized Christians are not easily identifiable by the authorities.

In the late 1970s, many Catholic priests were released from prison, but Gong Pinmei was kept until exiled to the United States for medical treatment in 1988.

For example, Reverend Gong Shengliang, the founder of the South China Church, was sentenced to death by a court in Hubei Province in 2001. Following the outcry of human rights groups such as Amnesty International, the Freedom House’s Center for Religious Freedom and many Christian groups, and under political pressure from Western governments, the sentence was changed to life imprisonment. Many lesser-known religious leaders have been sentenced and executed without international notice.

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Triple Religious Markets in China

Fenggang Yang


Triple Religious Markets in China

Fenggang Yang


