Chapter 4
Incremental Co-governance: Investigation of Hangzhou Experience of Driving Reform Through Innovation

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From the institutional perspective, the term "governance" means establishing and maintaining a series of codes of conduct whereby different social players may achieve certain common goals (Rosenau James 1995). Seeking the most appropriate governing mode remains a central goal for political development and reform in all modern countries. Since the founding of new China, its functional orientation has gone through an evolution from "ruling", "rectification" to "regulation" and further to "co-governance". The idea of "ruling" is based on a definite division of classes, and the function of a state is to realize the will of the ruling class. However, with the disappearance of "antagonist class", the work priority of the government was shifted to economic development, then, the realization and maintenance of certain established norms and order through regulation and rectification became the major task of national governance. Since 1990s, as the market played a more and more important role in resource allocation, the "regulation and rectification" by the government has gradually lost its basis, and effectively managing the society has become the major approach for resolving conflicts and contradictions.

Ever since the turn of this century, China's society has also undergone drastic changes along with the high-speed economic growth. First, due to rapidly-increased urbanization, and advances in Internet and communication technologies, people's subject consciousness has been greatly strengthened. Subject consciousness is manifested in one's initiative in making decisions, freedom in making value judgment and convenience in taking joint actions. In a modern society, people not only expect to be satisfied in term of basic needs for clothing, food, housing and traveling, but also have intense desires for health, dignity, involvement, environment and their

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children's future development. Next, as social division gets more elaborate, and talents, capital and goods flow increasingly faster, people are faced with unprecedentedly complicated social problems. All current problems such as ecological environment, food safety, poverty alleviation and disaster relief, and urban management, which attract wide attention, not only cover many fields, but also involve multitudes of departments, groups and institutions. In such case, the traditional bureaucratic management mode featured with divided segments and clear-cut hierarchy will be inadequate when addressing complicated social problems. Lastly, the density and capability of NGOs have been greatly increased, non-governmental grass-root organizations and community-level residents' self-governing organizations are growing rapidly, and the emergence of social elements has raised higher requirements on the mode of and approach for governance.

In response to rapid changes in society, the academic circle also put forward many plans for reforming governance mode, among which the most common ones are "participatory governance", "multi-center governance", "network-based governance", "governance-society synergistic governance" and "cooperative governance". Although these governance modes have their own strengths and focuses, they exhibit different shortcomings in adapting to the specific practice in China's social management innovation. This also demonstrates that China's social management system is in a period of proactive exploration and readjustment. The *Report on the Work of the Government* officially issued in March 2014 required "promoting innovation in social governance, valuing the application of rule of law, and implementing co-governance by multiple subjects". "Co-governance by multiple subjects" can be considered as a preliminary conclusion for the explorations and reform made by China in social governance during this period. It is also called "multi-subject co-governance" or "social co-governance".

1 Social Co-governance and Predicament for Its Realization

The paradigm for social governance has reflected the latest developments in theories on governance. Jan Kooiman (2003) has made a systematic classification and comparison on the modes of governance, concluding that there exist three major modes of governance, i.e. self-governance, co-governance and hierarchical governance. According to the definition of Jan Kooiman (2003), co-governance refers to cooperation between different groups on an equal basis, including various forms of unions, networks, and public-private partnerships and joint ventures of governments and private citizens. Bode and Firbank (2009) believes, co-governance not only can effectively cure the fragmentation issues arising from the government when it is providing public services, but also is a preferred alternative for solving the complex and dynamic situation involved in supply of public services.

Social co-governance first recognizes that the society has the capability to govern itself. The concept of "ruling" entails a definite acting party, while "governance" is not the case, as governance itself contains the meaning of "self-governance". In the economic field, a market economy is, to a great extent, a domain for self-governance, which entails only a little intervention and maintenance. Just as Elinor Ostrom (2012) has noted, when it comes to the use and allocation of the resources in public pools, culture, convention and local custom could still deliver efficient self-governing rules where the market system and state system fail. In the domain of civil society, people can develop self-governance within a certain sphere by taking joint actions through negotiation, voluntary actions and non-profit organizations. Rhodes (1997) simply defines governance as a mutually-dependent and cross-departmental network which is independent from the government and has noticeable capability of self-governance and self-organization.

Social co-governance emphasizes stimulating the vigor of multiple social subjects. As there is no omnipotent administrator or controlling party, social co-governance may gain the prospective results only when each party concerned gets actively involved. Different social subjects have totally different values, operating logic and resource reliance modes. Effective social co-governance requires respecting the values and interests of other social subjects to the extent that is allowed by the law and social norms. Social subjects linked with each other according to the principle of free will, which may be in the form of definite contracts, or an open platform, or a semi-closed alliance and association or even indistinct domains and atmosphere.

Social co-governance admits status differences among social subjects. Social governance structurally contains mutual cooperation and competition between multiple subjects. However, to achieve common goals, it is often necessary that some social subjects take principle responsibility, playing a leading or guiding role in social governance. Especially in regions where social forces are immaturely developed, social co-governance often takes the form of social co-governance dominated by government departments. However, in some more professional and technical fields, trade associations and non-profit organizations may become the dominant forces in social co-governance.

To sum up, social co-governance has the following features: on one hand, it integrates the strengths of many new emerging governance modes, and lays its emphasis on enhancing the society's self-governing capacity, stimulating social vitality and advocating fair cooperation between multiple governing subjects for social governance, and can correspondingly solve major issues faced by the current society; on the other hand, it is highly adaptive in that it particularly stresses improving the government's governing capacity and management efficiency, allowing government departments to take the initiative in certain fields and proposing to determine the structures and procedures for governance in accordance with the specific nature of the problem addressed. Zhang Kangzhi (2014) believes, in the context that multiple governing subjects coexist, any joint action to conduct social governance must be based on cooperation. So to speak, social co-governance is an important development in the effort to adapt theories on governance to China's

national conditions. Just as Li Huifeng (2014) puts it, the discussed social management innovation can be summed up as an effort to seek a co-governance pattern among the government, the market and the society. What we are going to establish is a system in which multiple governing subjects govern the society on a cooperation basis.

Depending on the degree of cooperation among multiple subjects, social co-governance may be divided into three different levels. The lowest level can be called the absorptive social co-governance, in which one social subject absorbs the other social subject into the process of serving its own function and the subject being absorbed has not much enthusiasm. In the current practice of social management innovations, typical case of this kind of social co-governance is that the government departments absorb NGOs, experts or other individual citizen of related interest into the decision-making process of the government, while the participants have no substantial impacts on the decisions of the government departments. The second level can be called negotiated social co-governance, in which multiple subjects may have unequal status, but they can reach consensus through some negotiating procedures. The third level can be called power-sharing social co-governance, in which multiple subjects have not much difference in strength, so that they can not only have negotiation, but also can restrict and supervise each other. Power sharing is an ideal goal of social co-governance.

However, rationality of the goal does not necessarily mean convenience of the path, especially in the current period when NGOs are not so developed and the mode for citizen participation is not so standardized. How to realize social co-governance in its true sense remains a problem to be well-solved both in theory and in practice.

The society is a domain where multiple different subjects associate and compete with each other. In a relatively stable society, each subject has resources and rights that he could get hold of. Those existing (or prospective) resources and rights are the resource stock of a subject. Social co-governance is a new mode of governance, and reform in mode of co-governance will invariably bring about adjustments of interest relationships among subjects. The major risks encountered in social management innovation are coming from objections or passive responses of the existing governing subjects. Therefore, the key to the success in social co-governance lies in how to alleviate resistance for reform and how to deal with conflicts between new governing mechanism and the existing administrative mechanism.

2 Growing Point of Social Co-governance in Hangzhou

Since 1990s, Hangzhou has started to solve problems encountered in urban development by exploring all kinds of modes for social co-governance. Nowadays, social co-governance programs could almost be found in every aspect of urban development and life of citizens in Hangzhou. To sum up, they are reflected in five major aspects: first, Hangzhou has resolved the contradictions between cultural

heritage protection and economic development, ecological environment construction and vital interest of residents by creatively linking various agencies, finding institutionalized development modes for Xiling Society of Seal Arts, and comprehensive protection of Beijing-Hangzhou Great Canal, West Lake and Xixi Wetland. Second, Hangzhou has ingeniously consolidated forces from all sectors to establish a number of industry-promoting organizations and platforms such as the Silk and Women's Clothing Industry Alliance, the Infant and Child Industry Alliance, and Hangzhou West Lake International Expo, Hangzhou World Leisure Expo, Hangzhou Animation Festival, which help uplift the market position and image of local industries. Third, Hangzhou has developed many channels for citizen participation. On the community level, there are such programs as "civil courtyard renovation office", "civil food security office", "popular sentiment collegiate panel", and "Hubin Barometer"; on the level of Internet, there are "Hangzhou Congress Hall" and "Online Legal Team"; on the level of TV media, there is "Conversation with Us Round Table". These channels for citizen's participation have not only effectively diverted public opinions, but also substantially improved people's living, thus enhancing residents' trust on the government departments. Fourth, there emerge a number of influential grass-root non-governmental organizations, such as Green Zhejiang, Dishui Charity, the Ninth World, and Association of Community Peacemakers. Dedicated to their respective service areas, these grass-root non-governmental organizations have established a sustainable development mode and become important representatives of emerging social forces. Fifth, there also appear some well-being service programs with unique characteristics, such as "Life Quality Experiencing Day", "Green Public Bicycles" and "Buses Yielding Right of Way to Pedestrian", which not only bring convenience to the life of citizens, but also uplift the overall image of Hangzhou.

Seen from the field with problems, social co-governance in Hangzhou mainly occurred on the fringe zones of those conventional fields of social management (such as poverty alleviation and relief, charity, education, population and medical and health services). Cultural heritage protection, ecological environment, industrial upgrading and transformation, community resident participation and urban brand enhancement are fields that conventional social managing subjects do not quite value or are not quite willing to get involved. Seen from the subjects relied upon, social co-governance in Hangzhou mainly relies on social composite subjects, enterprises, grass-root non-governmental organizations. NGOs in the conventional system can only get involved in these projects in new ways. An important experience for social co-governance in Hangzhou is "joint action by four circles". The "four circles" refers to "the circle of Party and government, the circle of enterprises, the circle of media and the circle of intellectuals". Nevertheless, NGOs which are generally considered to be capable of representing social forces and performing the function of social management have not been given due prominence under the framework of "joint action by four circles". It follows that, "joint action by four circles" has actually implied the strategy of incremental innovation. It seeks to first develop NGOs in accordance with the new idea of social co-governance on the fringes of the conventional social management system, and influence agencies and

organizations within the existing system through the reverse-pressurizing mechanism and demonstrative effects, and then explores for the integration of the old and new management systems till when conditions become mature.

2.1 Expanding New Fields for Social Management

Conventional social management emphasizes the basic, material and orderly parts in a society. However, with the increase of people's levels of needs, those special, spiritual and dynamic parts of social activities also need to be included in the scope of management. One important characteristic of social co-governance programs in Hangzhou is that a great majority of problems addressed do not belong to conventional fields of social management. Instead, they are seeking breakthroughs in those new fields of social management.

(1) Fields uninvolved in conventional social management system
    In the most typical case, those fields not involved in conventional social management system are chosen as the breakthrough points for social co-governance. First, conventional social management system is a vertically controlled bureaucratic system and departments at different controlling sequences can hardly establish a long-term and stable cooperative relationship, therefore much room remains to be filled up. Universities are quality symbols of a city, and also intellectual sources boosting urban development. Hangzhou City formed a strategic alliance with Zhejiang University and China Academy of Art, respectively, and established an all-round interactive and trusting mechanism between the city and universities, achieving good cooperation and win-win results. Moreover, due to the divided departmental interests, conventional social management departments are not willing to manage many a field. Finally, each department will control limited resources, and many fields are not managed effectively due to insufficient capability. For example, the program of "lawyer serving communities (villages)" in Hangzhou, launched in 2009, is a welfare program aimed to provide basic legal services for the masses in the form of government purchasing services. Community (village) resident lawyers help the needy residents to obtain legal assistance according to law through legal lectures and on-the-spot counseling. According to the division of administrative affairs, this is not a priority work of the Municipal Judicial Bureau. However, to promote this program, Hangzhou set up a guiding and coordinating group, with the municipal deputy Party secretary as the head of the office set at the Lawyer's Association of Hangzhou. Judicial departments of governments at all levels are the guiding departments of this work, the general lawyers and Schools of Law of universities in Hangzhou provide support to this program in human resources, and communities (villages) are service sites. Thanks to such a co-governance structure, the work that is too much for a single department can now become a vigorous, well-performed and sustainable

program through participation by different agencies and organizations. By 2012, all communities (villages) in Hangzhou, including the main urban districts, Xiaoshan District, Yuhang District, Fuyang City, and Lin'an City, have been provided with resident lawyers. All work allowances for resident lawyers are paid by fiscal departments at both municipal and district levels to Lawyer's Association of Hangzhou in the form of government purchasing services. The Municipal Lawyer's Association, in the principle of corresponding jurisdiction, unified recommendation and two-way selection, organizes law firms to form pairs with communities and sign uniform service agreements.

(2) Fields with overlapping functions of conventional management departments
Since conventional management departments have overlapping functions, the situation "all the departments are authorized to manage one thing but none can manage it well" may occur. So, in such fields, desirable results may be achieved if social co-governance method is used. Food safety is a typical social problem which sees undesirable results under the mode of multiple-subject management and receives much criticism from the masses. In 2009, multiple agents including Hangzhou Municipal Bureau of Quality Supervision, Hangzhou Brand Office, China Jiliang University, Hangzhou portal website (http://www.hangzhou.com.cn/), and Hangzhou TV Station jointly published the "Hangzhou Food Safety Index" (the Index), which found a new idea for supervision over food safety. In the design of the system, the Index has introduced the concept of residents' attention on the basis of residents' actual consumption habits. In sampling, the Index has adopted the "1 + X" sampling method, i.e. in addition to the samples taken and purchased by departments of quality supervision, sixty citizen representatives were randomly drawn as voluntary quality investigators, who will directly get involved in the whole process from sampling, monitoring and index calculation. In terms of the release of such index, a "five-in-one" release mechanism is adopted, which includes government leading, industry dominance, expert instruction, media guidance and citizen participation. The Index is not only reported on Hangzhou TV station, Hangzhou portal website (http://www.hangzhou.com.cn/) and other important media, but also publicized by expert lectures, index interpretation, and community advertising to effectively influence the lives of citizens and deter the enterprises from illegal behaviors.

(3) Fields on different levels from conventional social management issues
Conventional social management focuses on providing basic services to the society, while social co-governance can begin with comprehensive, abstract and indirect issues. Since Hangzhou is a renowned tourist city, a developed catering industry holds great significance to the local economy. In 2008, by reorganizing the former Hangzhou Catering and Hotel Industry Guild and Hangzhou Cooking and Catering Industry Association, Hangzhou established the Catering and Hotel Industry Association, an association with partial function of industry management and is mainly made up of catering enterprises and hotels in Hangzhou. In 2012, a number of agencies, including Institute of Cooking

Culture under Zhejiang Gongshang University, Zhiwei Guan···Weizhuang, Grandma's Home Catering Operation Co., Ltd., Hangzhou City Brand Promotion Association, Hangzhou Development Research Institute, initiated to set up the Cuisine Culture Brand Promotion Association of Hangzhou (the Promotion Association). The major tasks of the Promotion Association are to promote construction of cultural value of the cuisine industry, improve cultural tastes, establish brand image, and develop a harmonious ecology. Its functional orientation is quite different from that of Hangzhou Catering and Hotel Industry Association. The president of the Promotion Association is the Director of the Institute of Cooking Culture under Zhejiang Gongshang University, instead of the President of a catering company. Each year, the Promotion Association will hold an "International Conference of the People's Food", which has achieved encouraging effects in upgrading the quality of and enlarging the international awareness of Hangzhou-styled dishes.

(4) Fields explored by conventional social management departments

Lastly, conventional social management subjects are also making trials and explorations in some fields, where appropriate social co-governance innovation may also be made, for example, how to develop community-level NGOs and realize effective community governance? However, development of community-level NGOs and realization of effective community governance cannot be achieved just within a community. A community is a grass-root unit and has extensive association with other departments in society. Only by integrating forces in communities and needs of other departments in an organic way, can we realize effective community governance. In 2009, Hubin Subdistrict Office of Shangcheng District of Hangzhou established the work-room of "Hubin Barometer", the first sub-district-level democratic and well-being interactive platform in China, by reorganizing a couple of former single-itemed sentiment information platforms, such as "Live Telecasting Center of Community and Popular Sentiment Information", "Live Telecasting Center of Public Opinions", "Grass-root Quality Supervision Station" and "Peacemaker". The workroom of "Hubin Barometer" sets up "popular senti-ment observatories" at the sub-district level, with the secretary of the Party working committee of the sub-district as the head. "Popular sentiment obser-vatories" are set up in each of the six communities under its jurisdiction, headed by Party secretary or deputy Party secretary of the community. Popular senti-ment observers are composed of people from the community who are willing to get closely involved in public affairs, ranging from Party representatives, NPC deputies and CPPCC members, retired employees and new citizens to Hangzhou. "Popular sentiment forecasters" are composed of heads of relevant departments at the municipal and district level as well as experts and scholars. In addition, the workroom also established a joint action mechanism with many media including *Hangzhou Daily*, Hangzhou portal website (http://www.hangzhou.com.cn/), and Hangzhou TV Station. Agencies and enterprises from public transport, water affairs, electricity and municipal administration also

actively take part in various talkfests hosted by the workroom and undertake their due share of social responsibilities.

2.2   Cultivating New Social Subjects

In a broad domain of social relationship, social subject is a generic term referring to organizations and individuals which have certain capacity for making independent decisions, taking actions and undertaking corresponding responsibilities. The advance of any social undertaking requires establishing appropriate organizations and agencies. Common social subjects include government, public institutions, NGOs, enterprises, community-level self-governing organizations and individuals. In the development of social co-governance, Hangzhou not only pays attention to the reform of existing social subjects, but also to the cultivation of new social subjects.

Since 2000, Hangzhou has successively established such social composite subjects as the Strategic Cooperation Organization between Hangzhou and Zhejiang University, Silk and Women' Clothing Industry Alliance, Tea Industry Alliance, Xiling Society of Seal Arts, Digital TV Industry Alliance, Hangzhou West Lake International Expo, Hangzhou World Leisure Expo, and Hangzhou Animation Festival. In an effort to advance the comprehensive protection of West Lake, Beijing-Hangzhou Great Canal, Xixi Wetland, and Daliangzhu Historic Site as well as the construction of Qianjiang New City, other social composite subjects were also set up. Social composite subjects intend to boost social project construction, intellectual entrepreneurship, and career development by striking a proper balance between social benefits and business operation. It is a new entrepreneurial subject featuring a multi-tier architecture, reticular ties, integrative functions and complementary strengths. It is composed of people of different social backgrounds, ranging from the Party and government circle, the intellectual circle, the industry circle and the media circle, which actively set up their own associations.

Compared with conventional social governance subjects, social composite subjects in Hangzhou have distinctive features. In terms of composition, social composite subjects include organizations and individuals from the Party and government circle, the intellectual circle, the industry circle and the media circle. As a result, over a conventional longitudinal governance structure where orders goes level-by-level from higher authorities to lower departments, cross-domain horizontal governance links have taken shape. In terms of function, once social composite subjects reach consensus through negotiation, communication and contracts, each of them will make its own contribution to the solving of social problems of common concern. Although social composite subjects are formed by reorganizing organizations and individuals from different fields, they have also developed their own subjectivity in the course of solving problems, executing projects and communicating with each other. Some social composite subjects can operate by relying

on organizations with a definite form of legal persons, and some merely exist in the form of "social public platforms" and "social development programs". Nevertheless, all social composite subjects have their own definite social goals, functional orientations and operating modes. Social composite subjects have developed their own subjectivity beyond those existing social subjects. Apparently, such new subjects do not belong to any sequence of conventional social governance agencies, so they are more likely to establish new modes of governance in line with the needs of social co-governance.

Xiling Society of Seal Arts is one of the few cultural associations with international acclaim in China. However, under the dual pressure from the operation of market economy and structural reform of public institutions, this time-honored society for one time could hardly make both ends meet and seldom carried out any activity. Then, the composite subject of Xiling Society of Seal Arts found a road to steady development for the society. This composite subject is composed of three major types of subjects: (1) the executive committee of Xiling Society of Seal Arts, representing the Party and government circle. It is a public institution, and has the ownership of the brand of "Xiling Society of Seal Arts"; (2) the Xiling Society of Seal Arts as a NGO. Its major function is to contact members to conduct regular activities in the society; (3) the Xiling Society of Seal Arts Group Development Co., Ltd. as an operating entity. There are several branches under it, respectively in charge of auction, publication, exhibition, appraisal and other businesses. These three major organizations of the composite subject of Xiling Society of Seal Arts jointly use and maintain the brand of "Xiling Society of Seal Arts", participate in major activities in the society, and share the development benefits of the society. Under such a three-in-one (the "public institution + NGO + enterprise") pattern, each of them has its own division of function while all of them are closely associated. Later on, Xiling Society of Seal Arts not only successfully lifts itself out of the predicament of reorganization, but also makes full use of the double opportunities from market economy and structural reform. From 2005 onward, Xiling Society of Seal Arts has hosted the Xiling Society of Seal Arts International Arts Festival for many times, expanding its international influence; meanwhile, Xiling Society of Seal Arts Group Development Co., Ltd. was also named by the Ministry of Culture as the third batch of "National Cultural Industry Demonstrative Base" and was awarded the title of "National Advanced Unit for Cultural Structural Reform" jointly by the Propaganda Department of the Central Committee of the CPC, the Ministry of Culture, the State Administration of Radio Film and Television and General Administration of Press and Publication.

2.3 Linking Structure of Innovative Subjects

Due to restrictions in financial resources and human resources, there are after all limited opportunities available to set up a new social subject. Therefore, establishing a diversified win-win mechanism by reorganizing existing social subjects

and reforming the linking structure among them seems to be an efficient innovation path. Just as at the initial period of cultivating a market economic system, many small and medium-sized enterprises could gain a favorable external environment for development through industrial agglomeration, social governance subjects in Hangzhou also experienced a sound development trend through different forms of agglomeration.

(1) Forming resultant forces for development through horizontal linking
Governing subjects in similar service domains form various "federations" and "circles" through horizontal linking. This is conducive to the sharing of knowledge and information as well as development risks among the members and the strengthening of the persuasiveness of policies. Hangzhou Welfare Partner Circle serves as a typical example in which Hangzhou Youth Welfare Social Organization Service Center gets welfare organizations to complement each other's strengths through horizontal linking. In 2012, the Quality Welfare Summit Meeting was held in Hangzhou. It was co-hosted by Hangzhou Youth Welfare Social Organization Service Center and Hangzhou Youth Research Institute and specially supported by the Integrated Office of Hangzhou Social Construction and Management Working Commission. Representatives from over 110 welfare organizations across the country attended the meeting and adopted the *Hangzhou Welfare Organization Quality Evaluation Criterion* at the meeting. On the basis of those welfare organizations present at this summit meeting, Hangzhou Youth Welfare Social Organization Service Center set up the "Hangzhou Welfare Partner Circle" by joining forces from all sectors in Hangzhou such as foundations, grass-root welfare organizations, benevolent enterprises, experts, and media. The core members of "Hangzhou Welfare Circle of Partners" are forty-two famous grass-root welfare organizations in the welfare sector in Hangzhou, among them include the Dishui Charity, the Ninth World, and Volunteer Branch of Hangzhou portal website. In response to such problems as "no guarantee for fund, lack of full-time personnel and inadequate government support" faced by grass-root welfare organizations in their development, Hangzhou Welfare Circle of Partners adopts a principle of "solidarity and cooperation, resource sharing, and collaboration and win-win". This has effectively solved the problems and created favorable external conditions for the development of welfare organizations.

(2) Longitudinal linking saves transaction costs
Governance subjects on the same service chain but at different stages for value production form various "alliances" and "centers" through longitudinal association. This is conducive to reducing transaction costs among upstream and downstream agencies, strengthening overall capacity for risk resistance, and broadening the scope of resource acquisition and public services. Silk and women's clothing are the name cards of local industries in Hangzhou, but it's not that easy to always maintain a competitive edge in midst of fierce market competition. The establishment of Hangzhou Silk and Women's Clothing Industry Alliance has enabled all links in close association with the industry to

be longitudinally joined in an organic way, thus guaranteeing across the board the leading position of Hangzhou in the silk and women's clothing industry. Hangzhou Silk and Women's Clothing Industry Alliance was founded in 2009 when Hangzhou's conventional competitive industries met with severe challenges under the impacts from a global financial crisis. In the Party and government sectors, the alliance is backed by Hangzhou Silk and Women's Clothing Industry Development Leading Group; in the intellectual sector, China Academy of Art, Zhejiang Sci-Tech University, Hangzhou Brand Promotion Association, China Silk Museum are dominant forces; in the business sector, Hangzhou Silk Industry Association, Hangzhou-Styled Women's Clothing Chamber of Commerce, Hangzhou Fashion Designer Association, and some leading enterprises are important bridges between the alliance and the business world. Besides, Hangzhou Daily Press Group, Hangzhou Culture Radio and Television Group are the basis of the alliance in the circle of media. Hangzhou Silk and Women's Clothing Industry Alliance has hosted such activities as "Chinese Top Fashion Designer Discovery Program", "Chinese International Women's Fashion Designers Contest" and "Silk Expo & Mode China". Through such activities, it joins up a series of links related to silk and women's clothing industry, such as identification and cultivation of designer talents, research and guidance of industry development trends, industry publicity and brand construction, market expansion, and market supervision. This has allowed the upstream and downstream sectors of the industry to develop in a coordinated way and thus gain greater competitive edge.

(3) Multi-tiered linking to raise innovation capability

Governing subjects from different fields form a reticular structure through multi-tiered linking. This is conducive to developing a relationship featuring resource complementation, synergistic cooperation, and collaborative motivation based on people's trust and improving the innovative and entrepreneurial capacity of governing subjects. Hangzhou City Brand Network Group is a reticular organization aimed to build and popularize the city brand of Hangzhou. Its core members include Hangzhou City Brand Work Guiding Commission Office, Hangzhou City Brand Promotion Association, Hangzhou Development Research Institute, Hangzhou Merchants Research Institute, Hangzhou Life Quality Research and Evaluation Center, and Hangzhou Entrepreneurship Research and Communication Center. The peripheral participants of the group include government departments, enterprises, media, education and research institute, NGOs, and self-governing organizations. The network group is not in utter disorder, but is of a matrix structure. It is composed of three kinds of elements: lines, planes and blocks. "Lines" refer to the decision-making body of the group, which comprise ten lines, such as the planning line, activity line, liaison line, and research line. Each line has its director and participants. Should anyone in the group has a new motion, he may have it deliberated internally through discussions in the planning line; if

endorsed by a majority of people, such motion may then be adopted by the group. "Planes" refer to the four core organizations of the group. As the group is not a corporate body, all formal contacts with the external must be accomplished through one of these four core organizations. Therefore, seen from the external, Hangzhou City Brand Network Group is essentially a union of four core organizations, which constitute the "planes" of the network group. "Blocks" refer to the functional entities of the group, which comprise the general affairs office, the planning department, the operation center, and the research department. All these departments in charge of the practical operation of the group are placed within a certain core organization. The group provides an opportunity for cross-domain communication and collision, thus sparks of innovation can easily be triggered from within; meanwhile, thanks to the structure of the group, people can easily set up temporary working groups and put new ideas into practice as soon as possible.

3 Operating Mechanism of Social Co-governance in Hangzhou

Social co-governance is not simply converging agencies, organizations and individuals from different fields, but enabling these governing subjects with different backgrounds to form a reasonable operating mechanism, entrusting the agglomeration of them with new missions, and allowing them to gain adequate resource input and deliver efficient governance performance.

3.1 Extracting Value and Concept, and Forming Common Vision and Mission

Values are the basis for governing subjects to judge what is better, and ideas are the precursor for governing subjects to take action. In a society of multi-element co-existence, to reach common goals and solve common problems, first and foremost, it is necessary to reach consensus on basic values and ideas. Under a framework of multi-element co-existence, no governing subject has the right to force other subjects to unconditionally conform to its own will and order. Voluntary participation, negotiation and coordination are the core principle for dealing with the relationship among the subjects. In such a circumstance, should conflicts occur on basic value judgment, it is very likely that agglomeration of multiple subjects will result in conflicts and mutual contention, rather than cooperation and co-governance. In the course of promoting social co-governance, Hangzhou, based on its local cultural tradition and development orientation, has extracted a host of values and ideas with local features and appeal of the times.

(1) Subject value

Subject value answers the question of "who am I" and is the basis for people to make value judgment in other aspects. Hangzhou raises the subject value of "We" and, with such value, expects to command and advance all reforms in social management. The value of "We" has its own philosophical connotations and reflects the distinctions between Oriental and Occidental countries in concepts of social governance. "We" refers to not only the "we" in a small group, but also the "we" in a big society. It can also transcend different social roles and positions to denote the "we" in the sense that "you are me and I am you". In real life, it is very difficult for people with differing occupations, conflicting interests, and contradictory roles to develop a natural sense of mutual recognition. However, to solve social problems and settle social conflicts, these people of different backgrounds often need to communicate and negotiate with each other, and to understand the stances of each other. At this time, an ingenious practice is to set up some cross-department, cross-group organizations and adopt complicated means to coordinate interests of each party and realize the overall interests. Here, "we" itself represents a kind of participation and co-governance (Wang Ming 2011).

(2) Action value

"Action value" answers the question of "how to do" and is the guidance for people to choose a specific course of action. In social management innovation, Hangzhou has put forward such values and ideas as "joint action by four circles", "boosting well-being through democracy" and "four ask-abouts and four rights". "Joint action by four circles" means to establish a cooperation mechanism for "the circle of Party and government, the circle of intellectuals, the circle of businesses and the circle of media" to solve any complicated social problem. "The four circles" represent the dominant forces for social co-governance, but the involvement of these four circles is merely a minimum standard. In actual application, social subjects from more fields may have to be involved. "Boosting well-being through democracy" shows how to regard the relationship between democracy and people's well-being in social management innovation. Nearly all social management innovations contain some elements of democracy, and social co-governance is no exception. However, democracy itself is not an end, but a means to promote people's well-being. The approaches to democracy may vary, but whatever is chosen should contribute to the purpose of improving people's well-being. "Four ask-abouts and four rights" represent the criterion for dealing with the relationship between managers and residents in social management. As far as any project related to people's well-being is concerned, the managers have to ask about the opinions of the people and ensure they enjoy the right to be informed. It is up to the masses to decide "whether to execute a project or not". This is to ask about the needs of the masses and ensure they enjoy the right to get involved; it is the masses that choose "which project to be executed". This is "to seek advice from the masses" and ensure they enjoy the right to make a choice; it is the masses who

suggest "how to better execute a project". This is to "solicit wisdom from the masses" and ensure they enjoy the right to supervise; finally, it is the masses who will judge "how well the project is executed".

(3) City value

City value answers the question of "what goals to attain". It is the value orienting the development trend of a city, and also the goal guiding social management innovation. "Exquisiteness and harmoniousness, ambitiousness and open-mindedness" and "a city of quality life" and "making our life better" are precise recapitulations of the city value of Hangzhou. "Exquisiteness and harmoniousness, ambitiousness and open-mindedness" is not only the development style of the city, but also its development mode. "Exquisiteness" implies a kind of material development road which is more intensified, environmental-friendly and intelligent; "harmoniousness" refers to a social management style which is more proactive and affectionate to the people; "ambitiousness and open-mindedness" means that we should embrace challenges with international horizons and open-minded attitudes while solving specific problems. "A city of quality life" is the development goal of the city. The aim of city development is precisely to improve the life quality of all residents in the city. "Making our life better" is a conglomerate of subject value, action value and city value. It has become the common value creed for Hangzhou in social management innovation.

3.2   Taking Initiatives to Cut Powers and Transfer Functions, Creating Space for Sharing and Interaction

Active public space is an important guarantee for the effectiveness and impartiality of social management policies. Under the current pattern of "a strong government and a week society" in China, the government is the ultimate party responsible for division of social management fields. Only when the government makes a rational exit from relevant social management fields and takes the initiative in reforming the mode of management, can larger space be created for social co-governance.

Social management innovation is a process for the government to pursue a reasonable division of functions on its own accord. Under an ideal framework of social co-governance, the government, enterprises, NGOs and individual citizens each fulfill their own responsibility while coordinating with each other. Green Zhejiang is a civil environmental protection organization founded in 2000. It is one of the NGOs in Hangzhou which enjoys tax-exemption treatments. In 2010, it was officially registered as a NGO of welfare legal entity—Hangzhou Eco-culture Association. In December 2012, it became the first 5A-level non-governmental environmental protection organization in China. In May 2013, Hangzhou Eco-culture Association, together with Hangzhou Low Carbon Science & Technology Museum, China, launched and registered the Green Zhejiang. In carrying out environmental protection activities, Green Zhejiang has paid particular attention to cooperation among government departments, enterprises, communities,

and schools, and promoted social co-governance in the field of environmental protection in the capacity of a non-governmental organization. Taking the project of "Qiantang River Water Map" for example, the project is a visual and interactive mapping platform for collecting data about the water environment of Qiantang River. It operates on the basis of crowd-sourcing and spontaneous geographical information. The project is supported by the governmental environmental protection departments, with the secretary general of Green Zhejiang as the supervisor of the administrative and industrial ethics of Zhejiang Environmental Protection Bureau. For this project, a number of supervisors of the administrative and industrial ethics of Environmental Protection Departments are also appointed as data auditors, a batch of professional water-protection personnel with both theoretical knowledge and practical experience are cultivated. The citizens can report through open channels any water pollution accident in Qiantang River. In addition, Green Zhejiang also organized some environmental protection programs, such as "Finding the Swimmable River", "Crossing Qiantang River" and "Co-Governing Our Water". In all these programs, Green Zhejiang has carried out effective cooperation with government departments in an ingenious way while holding accountable and supervising local governments on environmental protection issues. For three consecutive years, it has been entrusted with projects by Qiantang River Administration of Zhejiang Province.

Social management innovation is also a process for the government to take the initiative in defining a scientific role for itself. In the management of social affairs, the government should in most cases play a role of a leader, guider and advocator. The report of the Third Plenary Session of the 18th National Congress of the CPC has expressly noted that public services and matters appropriate to be provided and addressed by NGOs should be transferred to NGOs. For highly heterogeneous social services, the government should change its service mode. Instead of directly delivering services, it should make them available in an indirect way. Only through such changes, can more space be created for social co-governance. In the case of old-age care services, social management innovation in different districts has embodied the role orientation of the government in social co-governance. Xihu District has built a huge old-age care service complex, which includes across the district 28 elderly-related departments, 5 social service agencies, 200-plus jurisdiction districts, and 12 old-age care agencies. It employs more than 2100 community (village) workers, over 2000 people for 95 town or sub-district offices, over 600 people for social service agencies, over 1000 people for 454 service outlets, and over 63,000 registered volunteers for old-age care service. In the old-age care complex, the government plays a leading role, and all old-age care service agencies in the district have unified symbols and are operating under a market-oriented mode. Xiacheng District extensively implements an old-age care mode of "combination of hospital and old-age care" by successively introducing such private old-age care agencies as Hangzhou Yanghe Hospital, Hangzhou Ciyang Hospital and Ciyang Elder Care Center. Under the new pattern of old-age care, old-age care services are funded with public finance, and provided by the general non-governmental sector, so there are multiple providers of old-age care services

and diversified modes of old-age care available. The government has played a leading role in such a mode of old-age care. Jianggan District is establishing a composite old-age care system which encourages retirees to help each other in old-age care. At present, the district has established an all-inclusive backbone self-managed group involving all 81,000 retirees. The self-managed group comprises 109 liaison men, 11 district-level supervisors, 1491 self-managed group leaders, and 3570 key staff. In such a mode of old-age care, the government is only playing the role of an advocator.

3.3 Eliminating Departmental Barrier and Exploring Universal Evaluation Mechanism

Social co-governance requires that human, capital, materials and other resources in a society flow freely among different organizations and departments so as to acquire the best effects for resource allocation. Only by eliminating departmental barriers and establishing a universal performance evaluation mechanism, can we provide favorable external conditions for social co-governance.

First, a common evaluation mechanism should be established among the governing subjects. Social management is a long-term task, and whether social management innovations can be sustained depends to a large extent upon whether the staff engaged in social management is adequately motivated. Hangzhou City Brand Network Group has explored a set of methods for conducting internal performance evaluation on staff from different fields in the social co-governance structure. This set of evaluation methods is based on the project scheme. Based on its importance and complexity, the meeting of the group core members will assign certain scores to each project, then, the head of each project will break down and assign the scores of the project to each participant in the project. Under this set of performance evaluation system, each staff in a social co-governance system can feel exactly when his effort is recognized by the organization and then will be rewarded with some material gains. This is conducive to the long-term and stable development of the social co-governance structure.

Next, rules for cross-departmental flow should be established. Social co-governance requires that human resources could reasonably flow among different departments, however, at present, due to the great differences among agencies of various categories such as government organs, public institutions, NGOs, and enterprises in personnel policy, social security, wage system and other aspects, cross-departmental personnel flow is extremely difficult. Employees in NGOs not only have a salary lower than that of the social average and limited access to promotion, but also find it rather difficult to flow to other departments. In addition, the government prohibits civil servants from taking part-time posts in enterprises and NGOs. Therefore, in real life, it is quite difficult for most civil servants to get involved into the microscopic aspect of social co-governance.

4   Incremental Innovation Driving Stock Innovation

A society is always in a process of dynamic development. Especially in an era of rapid changes, the resources and rights that each subject can get hold of will be increased or decreased for a particular thing, sometimes such changes may even be qualitative. Such variation in resources and rights is the resource increment of a subject. The reform most easy to implement is the one in which the resource stock of each subject remains unchanged while each subject can obtain positive resource increment. The approach to realizing social co-governance through such reform is called incremental co-governance. As incremental reform will encounter less resistance than stock reform, thus it is more likely to succeed in reality. China's economic structural reform from a planned economy to a market economy during 1980s was a typical case of incremental reform. That is, first develop private, foreign-invested and joint venture enterprises, then reform state-owned enterprises till the market economy is preliminarily mature, and allow them to become the dominant constituents of market economy. In form, incremental reform is a process of Pareto improvement, which can easily win support from multiple parties. In addition, incremental reformers will be inclined to explore new areas, and adopt new ideas and modes. Thus it can effectively get rid of the tendency of excessive reliance upon an established path in the conventional system.

In the initial period when the society is developing rapidly and social management system is taking shape, there is relatively large leeway for incremental reform. From the perspective of economic development, China has entered the stage of post-reform development. During this period, with a moderately-scaled market economy and a sound market system, there is hardly any leeway to carry out further incremental reform. However, from the perspective of social development, China is still in its initial period of reform and opening up, there are many issues untouched upon in conventional social management system. Therefore, there is still much space for us to implement incremental reform. The core path for incremental co-governance lies in trying to find increments in social management, implementing social co-governance in those parts of increments, and changing stock through accumulation of increment, so as to ultimately achieve the goal of social co-governance.

4.1   *Demonstration Effect*

Successful social management innovations can easily be imitated, transplanted and re-innovated. Co-governance practice in new fields of social management, if proved successful, can have strong demonstration effect for governing subjects in conventional fields of social management. The concept, organization mode and operating mechanism for social co-governance can be imitated and absorbed by governing subjects, thereby exerting influences on the existing pattern of social management stock.

Take city brand construction in Hangzhou for example. As intangible assets of a city, brands can not only increase the added economic value of local industrial chain, but improve the life quality of citizens. Based on the composite NGOs of City Brand Network Group, Hangzhou has successively established such organizations as Hangzhou Association for the Advancement of Food Culture, Cultural and Entertainment Brand Promotion Association, Growing Corporate Brand Alliance of Hangzhou, Hangzhou Association for Brand Promotion of Chinese Tea Capital, and Media Brand Promotion Association. These Promotion Associations generally operate in the mode of multi-circle joint action and innovation and entrepreneurship. They have achieved desirable economic and social benefits by integrating the industrial development, social activities and publicity strengths in the region. In 2014, Hangzhou Municipal Administration of Non-Governmental Organizations initiated an evaluation activity of NGO brands. Based on the existing grade evaluation for NGOs (industry evaluation criterion), a broader brand evaluation criterion covering public evaluation, expert evaluation, and media evaluation was worked out, with the aim of helping NGOs in Hangzhou to improve their own capacity and social reputation.

4.2 Furnace Effect

Social management is interrelated, so it is impossible for incremental innovation to completely steer clear of the conventional management system. By including the governmental authorities, trade associations, public institutions and enterprises in the existing social management system, social co-governance requires forming a governance structure based on equal consultation and efficient interaction. Through the operation of social co-governance, governing subjects in conventional management system may accept the thinking of multi-subject co-governance, thus becoming active forces in the co-governance structure. Such a phenomenon can be called the furnace effect.

Take "Conversation with Us Round Table" as an example. "Conversation with Us Round Table" is a conversational program hosted by Hangzhou TV station, with topics centering on hot issues related to the society and people's livelihood. This program was organized by the General Office of the CPC Hangzhou Municipal Committee, the General Office of Hangzhou Municipal Government, the Publicity Department of the CPC Hangzhou Municipal Committee, Hangzhou Municipal Development and Research Center and Hangzhou Culture, Radio and Television Group, and run by General Channel of Hangzhou TV Station. It has reflected the "three-pronged" co-governance thinking of the Party and government, citizens and the media. Normally, the host, along with 4–6 guests including Party and government officials, experts and scholars and ordinary citizens, would sit around a table, engaging in conversations and discussions over hot issues concerned by citizens, such as prices of commodities, environmental protection, transport, and urban planning. This program has embodied the co-governance concept of "joint

action by four circles" by covering the circles of Party and government, universities, businesses and media. Each time, the head of Party and government departments closely related to the issue in focus will be invited to the program. Through dialogues and discussions, "Conversation with Us Round Table" not only helps enhance mutual understanding and trust between citizens and management departments, but also gives staff of functional departments an opportunity to experience in person the demands and pressure of the citizens, so that they can show more respect for the needs of multiple subjects.

4.3 Reverse-Pressurizing Effect

Successful practice of social co-governance in a certain field will create reverse-pressurizing effect on conventional social governance subjects, so that they are compelled to change their working style and service attitudes. The creation of such reverse-pressurizing effect is dependent upon transplantable co-governance experience and self-initiated reform of conventional social governance subjects.

Take the project of "Five Water Co-governance" launched in late 2013 as an example. "Fiver Water Co-governance" is a decision made at the Fourth Plenary Session of the 13th Zhejiang Provincial Party Committee, which specifically refers to "sewage treatment, flood prevention, waterlog draining, water supply guarantee and water conservation". "Five Water Co-governance" is a water treatment project which involves not only performance of functions by government departments, enterprises and public institutions, but also participation of the public. The fact that the government takes a leading role and the masses are the dominant forces in five water co-governance serves an apt example for applying the concept of multi-subject co-governance to water environment governance. The elevation of water treatment to the height of decisions of provincial Party committee is closely associated with innovations of multi-subject co-governance in environmental protection over the recent years. The immediate reason for Zhejiang Province to come up with the decision of "Five Water Co-governance" is that the heads of Environmental Protection Bureaus at the localities were "invited" to take a swim in the river in Zhejiang for many times in early 2013. Among them was the activity of "Swimming across the Mother River of Qiantang" jointly organized by Green Zhejiang and Zhejiang Satellite TV Station. Actually, as early as in 2010, Green Zhejiang has launched "The Same Qiantang River", a publicity and educational campaign on water protection and treatment, and also a series of activities "Looking for a Swimmable River" since April, 2013, Green Zhejiang also worked with Zhejiang Provincial People's Congress and Zhejiang Satellite TV Station to present "Face to Face Water Governance", a TV Program on Government Administration, in which face-to-face sharp questions were thrown at leaders of five prefecture-level cities in Zhejiang on issues of water governance.

5   Successful Factors for Incremental Co-governance

In 1990s, Hangzhou explored to use such social co-governance principles as "joint action by four circles" to address the then tricky problems and achieved desirable effects in comprehensively treating West Lake and reorganizing Xiling Society of Seal Arts. Reform at this stage can be said as an unconscious choice of administrators under the influence of particular cultural traditions and social practices. In 2003, Hangzhou formally put forward the concept of social entrepreneurship, and encouraged government departments to maintain close contracts with other social subjects, in a bid to solve difficult problems in social management with innovative thinking. In this process, there emerged a number of cases for social co-governance, such as Hangzhou West Lake International Expo, Hangzhou Animation Festival, and the Silk and Women's Clothing Industry Alliance. Reform at this stage was mainly boosted by government departments. In 2008, Hangzhou referred to these social co-governance institutions as social complex subjects. From 2008 onward, the concept of social co-governance was expanded to conventional fields of economic management and social management. Some successful cases of social co-governance were seen in stabilizing prices of agricultural products, promoting employment of college graduates, and cultivating community-level NGOs. From 2013 onward, non-governmental organizations have undergone rapid development. Realizing that social co-governance is an important working idea, many non-governmental organizations began to introduce the concept and method of social co-governance into their own organizational structure and activity, so as to enable them to become dominant forces in social co-governance.

After more than twenty years' development, social co-governance forces have been expanded to many aspects of urban governance in Hangzhou and have had direct influences on the local economic development and social management reform. Unlike the approaches to realizing social co-governance used in other regions, Hangzhou has taken a typical approach of incremental reform. Such approach involves opening up new governance fields on the fringe of conventional social management system, establishing new type of social governance subjects, and creating a new structure among the subjects. Viewed from the historical process of social transformation in Hangzhou, the approach of incremental co-governance also undergoes a transition from being unconscious choice to conscious promotion and from unilateral dominance by the government to widespread acceptance by the society. The approach of incremental co-governance in Hangzhou can succeed mainly due to the following three factors.

First, Hangzhou has a developed market economy, where the market plays a decisive role in the allocation of resources. Most enterprises in Hangzhou are small and medium-sized ones run by the locals, while foreign-funded and large state-owned enterprises only occupy a small proportion, and the residents have strong awareness of market economy. Incremental co-governance has some similarity with the approach adopted by Hangzhou while transforming itself into a market economy. In 1980s, in the transition from a planned economy to a market

economy, Hangzhou, and even the whole Zhejiang Province, had taken the following typical path: first allow those private and collective enterprises outside the planned economic system to develop freely, then, gain comparative advantage through industrial accumulation, and finally compel state-owned to conform to the fully-fledged market economic system. The only difference is that economic structural reform does not need too much "promotion" and "dominance" by the government, while social management structural reform cannot be achieved without the promotion efforts of the government during its initial period.

Second, Hangzhou has active non-governmental forces and highly-developed social capital. Compared with other economically-developed regions, citizens in Hangzhou have more leisure time, and are inclined to spend more of their leisure time in social contact, collective activities and cultural and sporting activities. Hangzhou locals are willing to take part in public activities of no immediate interests to themselves. Highly developed social capital means that social departments have more frequent and closer ties with each other. For entrepreneurs in the economic and policy-related fields, they can implement their own economic and policy-related innovations through an open and relatively loose interpersonal network.

Third, in its regional culture, Hangzhou maintains a harmonious relationship between governmental and non-governmental sectors, and many cultural hints for cooperation and interaction. It is not the abstract concepts of government and citizens but decision-makers of each specific agency, department and organization who are to answer such questions as what kind of social management innovation to be promoted and how to promote such social management innovations. After all, their decisions will be influenced by regional cultures. Therefore, the officials should strive for the well-being of the masses, and those capable ones in the masses should cooperate with the government, in a joint effort to raise people's living standards. This has almost become a thinking set in many historical legends about Hangzhou.

6   Conclusions and Discussions

As China's market economy becomes ever mature, social interests and cultural values are more and more diversified. The society are faced with more complicated and dynamic public issues, meanwhile, the residents generally have an ever-stronger capacity and needs for participating in social affairs and social governance. In this context, social co-governance has become a necessary choice for reform of governance mode. When it comes to improvement of social governance mode, *Decisions by the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening Reform* have pointed out that we should "adhere to systematic governance, strengthen leadership of the Party committee, give play to the leading role of the government, and encourage and support all sectors of the society to get involved, so as to start a virtuous cycle

of interaction between government governance, society self-adjustment and residents' self-governance". The concept of and practice in social co-governance have annotated the requirement by these decisions for improvement of social governance mode.

It takes both wisdom and courage for innovation to transform from the conventional social management system to the social co-governance system. Social co-governance in Hangzhou has taken a path of incremental reform. By cultivating and developing new type of social governance subjects (adding subjects), exploiting new governance fields on the fringe of conventional social management fields (adding fields) and converging existing social governance subjects into new governance structures (adding structures), social management innovations in Hangzhou have built a "new area" for social governance beyond the conventional social management system. Social co-governance not only involves integrating multiple subjects of relevant interests into the governance framework, more importantly, it needs to establish an effective interactive mechanism among different subjects. Social co-governance in Hangzhou first emphasizes that social governance subjects should develop common values and ideas (common values); then more co-governance space can be created when government departments cut powers and transfer functions on their own initiatives (common space); meanwhile, a preliminary universal cross-domain evaluation mechanism can be established by endeavoring to break departmental barrier (common evaluation). Social co-governance is in pursuit of harmonious, fair and righteous governance results. These co-governance mechanisms can ensure that newly-cultivated social governance subjects will not merely mind their own business, newly-exploited governance domains will not become empty space for governance and that new-built governance structure can operate smoothly.

The mode of incremental co-governance can "quietly" achieve success in social management innovations in Hangzhou is greatly related to the mature local market economy, developed social capital and the thinking set of harmony between the governmental and non-governmental sectors in its traditional culture. However, these three factors are not unique for Hangzhou. With comprehensive reform in China advancing further, the market will be set to play a decisive role in resource allocation; intensification of social interaction and development of NGOs will necessarily increase the social capital of the whole society, and "achieving harmony between the governmental and non-governmental sectors through cooperation and interaction" will be an important heritage in China's governance culture. Furthermore, compared with stock reform, incremental reform will encounter less resistance, is more easily to be sustained in reality and can create longer-term social effects. Therefore, incremental co-governance is not only suitable for Hangzhou, but also for many regions with a developed economy, active society and high degree of trust on the government by the public.

The precondition for social co-governance is that all relevant parties of interests are participating on a voluntary basis. It is undesirable to either force other departments and organizations with administrative orders or resort to campaign-styled reform measures. Therefore, one limitation for incremental

co-governance is that it will take a long time to achieve the results for co-governance. But for a government valuing the effectiveness and sustainability of reform, slow but substantial reform may hold more significance. Incremental co-governance avoids directly reforming conventional social management departments. However, the success of incremental reform still depends upon to how much extent conventional social management departments have been transformed to the social co-governance system. Seen from the practices in Hangzhou, incremental reform in the edge zones has obvious demonstration role, furnace effect and reverse-pressurizing mechanism for conventional social management departments. Transition to social co-governance has also begun in such fields as economic management, environmental governance, and NGO management. The biggest difficulty involved in the approach of incremental co-governance is that, due to the incompatibility and friction between the old and new social management systems, employees in new social governance subjects cannot reasonably flow among different departments and organizations, and the agglomerated subjects with a new governance structure cannot gain sustainable capital source and social support. Therefore, governmental authorities should, from the height of reform of social governance modes, recognize the independent status of comprehensive NGOs, and formulate corresponding evaluation and management standards, so as to facilitate reasonable flow of personnel among the government, enterprises, public institutions, NGOs and new social governance subjects.