

Chapter 5

Transfer of Governing Power: Wenzhou Experience in Approach to Realizing Multi-subject Co-governance

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Geographically located on the southeastern coast, Wenzhou has long been known for its landscape of “seventy percent of hills and twenty percent of waters plus ten percent of arable land”. With a large population but little arable land (less than half *mu* (333.33 m²) per person, it inherently has a shortage of resources. Other disadvantages include its geological position as a coast defense front, limited financial investment from the country, and a weak industrial basis. To find a way out for a better living, enterprising Wenzhou locals dare to break through all those outdated concepts, ideas and institutions that are hindering the development of productive forces. They are the first to initiate market-oriented reform, the first to develop household industry, individually-owned and private economy and specialized markets, the first to develop joint-stock cooperative economy, the first to explore various forms of and approaches to realizing public ownership, the first to enact local regulations on private businesses,¹ the first to build joint-stock railway, the first to introduce a local recruitment mechanism for professional social workers, and the first to institute a unified system for old-age care guarantee and professional title accreditation for privately-funded and publicly-funded hospitals and schools alike and to allow free flow of talents between public and private sectors, and so on so forth. “Being the first” times and again has highlighted the spirit of Wenzhou people to courageously make changes and innovations in spite of difficulties and risks. Such spirit has been mingled with the innate values and concepts of Wenzhou people, that is, “one must apply what one knows and at the same time be ready to

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¹Xi Congqing. *On Several Essential Problems for Development of Wenzhou [J]*. Social Science Research, 2003(1), pp. 99–102.

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make changes, allowing for some leeway”. It has, so to speak, flowed through the bodies, and permeated into the marrows of generations upon generations of Wenzhou people as much as their blood does, perceptible in various aspects of economic and social development in Wenzhou.

It is the same case with reform in social fields. The 18th National Congress of the CPC has started the journey of implementing new social policies. Under the top-level institutional design of constructing a modern NGO system, local governments started or continued to advance reforms, reform modes of governance and adjust the governance structure according to their own conditions, and Wenzhou is no exception. While for many local governments, such reform still lingers on the level of administrative technologies. Reform in Wenzhou, as a “National (NGO) Construction Innovation Demonstrative Zone” and “Civil Affairs Comprehensive Reform Pilot Zone”, has been elevated to a new stage, that is, targeted at building an “invisible government and visible society”, focused on rebuilding the relationship between the government and the society through setting out the list for powers and characterized by encouragement of co-governance by multiple subjects including the government, the market and the society. In this connection, we will discuss the practical innovations in the reform, sum up the practical experience and explore the driving force for reform based on to the analysis of the reform in social fields in Wenzhou over the recent years, with an aim to provide some reference for the local reform of China on multi-subject co-governance.

1 Origin of Theories on Co-governance and Difference Between China and Western Countries

The emergence of the theory on governance is derived from defects of conventional public administration and management crisis in Western welfare countries. Put forward by Kooiman, the paradigm of co-governance represents the latest development in theories on governance. Kooiman believes co-governance means cooperation between different groups on an equal footing, which includes various forms of alliance, networked-based mode and public-private partnerships.² In his book *Modern Governance*, Kooiman points out that it is the interactions between public and private behavioral subjects and between administrative departments and enterprises that lead to the emergence of an epochal pattern of “social political governance”. Different behavioral subjects are featured with “joint formulation” and “partnership”.³ According to Rhodes, governance, from the perspective of public administration and public policy, can be understood as a process in which subjects (including private departments and voluntary departments) beyond the boundary of public administration which have the needs for exchanging resources and reaching

²Kooiman, Jan. *Governing as Governance* [M]. London: Sage, 2003.

³Jean-Pierre Gaudin, *Pourquoi La Gouvernance* [J]. Translated by Zhong Zhenyu: Social Sciences Academic Press, 2010, pp. 21–22.

consensus, and have interactions with each other through negotiations based on the rules of trust and game-playing. Governing subjects can be self-organized networks which govern themselves in the form of network and which are obscure in division of responsibilities.⁴ Stoker also presents similar point of views.⁵ Box stresses citizen participation in his book *Citizen Governance*, insisting that citizens' representatives may be granted more powers, so that they can undertake the responsibility of managing public affairs and become "citizen governors". In the mode of citizen governance, public administrators are turned into counselors to rather than controllers of citizen management. Their roles have been shifted to promoters, coordinators, professional counselors and helpers of citizens participating in management. It is actually a kind of "assignment" of certain powers.⁶

In general, western scholars have understood co-governance as a process in which multiple subjects including the government, private departments and voluntary departments reach consensus through competition, negotiation, interaction and cooperation, thereby taking joint actions for public affairs. The core of co-governance lies in the exercise and allocation of public powers and resources. Needless to say, a common basis underlies these western concepts of governance, that is, a mature civil society, a well-established democratic system, a sound legal system and a fully-functioning market system; these multiple subjects involved in governance are not only in partnerships, but also have the spirit of democracy, negotiation and cooperation.⁷

Comparatively speaking, China does not possess these conditions and premises for western-styled governance. The implementation of reform and opening up and development of market economy have broken China's original pattern in which the state takes overall charge of all political, economic and social affairs. As the market economy gets more and more mature, a relatively independent market system presents itself beyond the state system. With social transformation in full swing, China's NGOs have increasingly become a civil society organizational system which is relatively independent from the state system and the market system, meanwhile, they are mutually dependent upon, penetrated into, and co-develops with each other.⁸ However, due to perennial restrictions from the mindset of Official Standard and institutional obstacles such as administrative approvals and dual management of NGOs, governmental powers are infinitely extended. As a result, the boundary between government administration and enterprise operation, between government administration and NGO management becomes blurred, rights and

⁴Rhodes, R. A. W. (2007). Understanding Governance: Ten years on [J]. *Organization Studies*, 2008 (8), pp. 1243–1264.

⁵Gerry Stoker. Public Value Management: A New Narrative for Networked Governance? [J]. *The American Review of Public Administration*, 2006(36): pp. 41–57.

⁶[U.S.] Richard C. Box. *Citizen Governance: Leading American Communities into the 21st Century* [J]. Translated by Sun Baiying, China Renmin University Press, 2013, p. 3.

⁷Zang Zhijun. "Governance": Utopia or Reality? [J]. *Theoretical Essence*, 2003(4), p. 10.

⁸Wang Ming. *Chinese Civil Organizations for Thirty Years—Moving Towards a Civil Society* [M]. Social Sciences Academic Press, 2008, p. 2.

responsibilities are not well-defined, rule of man supersedes rule of law, and state intervention goes on endlessly. In such a background, China's market economy system is so immature that it is difficult for the market to capitalize on its strength in allocating resources; NGOs grow at a slow pace with inadequate capabilities, only generally playing a supplementary role of "remedying defects"⁹ at the most. Nevertheless, this does not mean that China has had no practice in co-governance. On the contrary, China's economic transformation has brought about and will continue to bring about profound changes to governmental governance. For instance, as the highly-centralized omnipotent doctrines are on the decline, the Chinese-styled democratic governance mode has become the mainstream. Multi-subject co-governance comes at a time when economic structural transformation, industrial structural adjustment, social pattern change and governance structural reform concur. Thus, it is in line with the needs for political, economic and social development, and mutually conducive to the progress in government reform and functional transformation.

As multi-subject co-governance in China is generated from a different basis and in a process obviously different from those of western countries, we cannot simply transplant the western mode, but should seek out a co-governance path applicable to China. After the 18th National Congress of the CPC, a wave of practical explorations for multi-subject co-governance surged across the country. Because of the major differences in institutional environments in different places, their approaches to realizing co-governance also differ from each other. Particularly, co-governance practice in Wenzhou started early and has developed some salutary mechanisms in their explorations. Its biggest feature is to give the same weight to government reform and cultivation of social forces, cultivating social forces in the course of reform while boosting reform in the course of cultivating social forces.

2 The Origin of and Practical Innovation for Multi-subject Co-governance in Wenzhou

2.1 Origin of Multi-subject Co-governance

The practice of multi-subject co-governance in Wenzhou can be traced to explorations for reconstructing a new mode for community-level governance. Owing to the needs for economic development, the huge number of unevenly distributed villages, and unlimited powers of the village committees and community committees, Wenzhou initiated a large-scale adjustment of administrative divisions, in which 5400 administrative villages were gradually merged into communities. The aim of the reform is to strip the communities of its administrative functions and

⁹Kang Xiaoguang, Han Heng. Category-Based Control: Studies on Relation between State and Society in Current Mainland China [J]. Sociological Studies, 2005(6), pp. 73–89.

service functions, streamline the relationship between communities and villages, and define boundaries of powers and responsibilities, so as to hand over to NGOs' responsibility for social service affairs. Cultivating NGOs has inevitably created the needs for participation in governance, which not only brings opportunities for development of NGOs, but also lays a foundation for multi-subject co-governance.

2.2 Practical Innovation for Multi-subject Co-governance

Over the recent years, Wenzhou has made sweeping social reforms, which are centered on government powers and focused on streamlining the relationship between the government and the society by sorting out powers. These reforms specifically involve the following four aspects, namely **“cutting powers, delegating powers, returning powers and defining powers”**: first, “cutting powers”: by tracing the origin of powers, sort out across the board functions and powers for civil administration, and cancel the following government functions and powers: those for which there are no basis in laws, regulations and rules, those for which there are basis in laws, regulations and rules but go against the trend of comprehensively deepening reforms, all kinds of matters other than administrative licensing category that need approval and are targeted at citizens, legal persons or other organizations, items of functions and powers that the State Council and provincial government have expressly canceled, as well as management functions and powers over NGOs on overtly microscopic issues. Second, “delegating powers”: by linking government reform and functional transformation to cultivation and invigoration of NGOs. On one hand, specify criterion for delegating powers. Delegate to local management departments all those affairs concerning social-economic management which are directly targeted at the community-level and which, in view of its huge quantity and broad scope, are more convenient and efficient to be managed by appropriate local departments; one the other hand, specify the scope for transfer of functions and powers. Transfer those matters which can be transferred to NGOs and public institutions through purchasing; for NGOs that temporarily do not have the capacity to take over the responsibilities, a cultivation period for one to three years may be set before transferring. Third, “returning powers”: deepen the construction of a new type of urban and rural communities, rebuild a community-level self-governing system, return to the society those functions and powers which do not belong to the government, and guide the society in realizing self-governance. Fourth, “defining powers”: make available to the public the list of government powers on official website, official microblog and the website of Wenzhou Administrative Approval Service Center, make available to the public the authorization basis, designation number, handling procedures, responsible unit, supervision telephone and other static information in the list of powers with respect to each item of power; by taking advantage of the Internet technology, build an open operating platform for administrative power which integrates such functions as administrative regulation, public opinion collection and performance supervision.

Reforms in Wenzhou surrounding government powers and government-society relationship have epitomized the fact that government powers are contracting while social powers are expanding. After a great deal of powers are cut or delegated, the government will shift more of its focus from prior-approval to post-and in-process-supervision, and implements rules which feature “loose entry but rigorous supervision”. Reform has spurred the government to release more and more public space and open part of public spheres to let the society have an equal access to participation and realize multi-subject co-governance. However, how to roll out this set of power-centered reforms? To this end, we have made a systematic analysis of social reform and practices in Wenzhou and attempted to generalize the practices in Wenzhou as a progressive but continuous mode of “Three Popularizes and Three Transfers” (popularizing models to transfer projects, popularizing modes to transfer space, and popularizing regulations to transfer functions and powers).

“**Popularizing models to transfer projects**” means that during the initial period of exploring co-governance by multiple subjects, the government maintains its dominant position in social co-governance, explores the mode in which social forces, NGOs in particular, participate in social governance through pilot projects and popularize those well-implemented social co-governance projects as models across the city. “Popularizing models to transfer projects” underscores the spirit of the government to dare to “trial errors”. The government assigns various projects in different forms to make active explorations for practices and experience suitable to a certain project. There are many ways in which the government can assign projects, such as service purchasing, support in incubation, and cultivation and development. It is worthwhile to mention that, while the government transfers more projects, social forces, NGOs in particular, will continue to improve their governance structures and enhance their capacities.

“**Popularizing modes to transfer space**” can be said as the intermediate stage for multi-subject co-governance. As the market gets mature, and NGOs become increasingly strong and capable, the government will no longer simply be content with popularizing typical models in the form of sporadic projects. Hence the stage of “popularizing modes to transfer space” comes into being. “Popularizing modes to transfer space” involves less direct intervention into social governance by the government and more incentives for social innovation and calls for co-governance by multi-subjects. This stage itself includes two aspects: on one hand, hand over to social forces those matters which fall into the scope of the government functions through such mechanism as purchasing of services. In such case, the government is still the principle party for accountability for public services or public affairs, and it only needs to release part of public space to social forces to involve them in social governance, and popularize as a mode such typical practices in multi-subject co-governance; on the other hand, the government frees up space for matters which do not fall into its scope of function, returns powers to and guides the society in independent governance; meanwhile, the government will also popularize as a mode such typical practices in social self-governance.

“**Popularizing regulations to transfer functions and powers**” is the most important stage in the strategy of “Three Popularizes and Three Transfers”. This is

because, when the market plays a prominent role in allocating resources, and social forces become more mature and are capable of operating independently, in the absence of regulations, the practice of the government transferring projects and space may lead to irregularities in use of public resources by the government or social forces, and is also prone to breed rent-seeking behaviors. As emphasized by Parsons, the core of the society as a holistic system lies in regulative orders, whereby people are able to organize their collective lives.¹⁰ Therefore, regulations and values can effectively integrate elites and institutions in political, economic and social fields. In brief, in transferring government functions, it is necessary to simultaneously delegate public powers, transfer public resources, and regulate the exercise of powers and allocation of resources. Formulating regulations is an important approach to mitigating and preventing risks.

By analyzing the practices of “Three Popularizes and Three Transfers” in Wenzhou, we observe that such practices essentially represent a process in which the government takes the initiative in delegating powers and transferring space so as to encourage social forces to participate in social governance. Such a process involves not only collaborative governance between the government and the society, but also active efforts by the government to cultivate social forces and guide and help them to participate in governance. In view of this, we might as well boil this kind of co-governance practice which features “Popularization” and “Transfer” down to “transfer of governing powers”. The aim is to explore the approach to realizing multi-subject co-governance in Wenzhou and its characteristics as well as the motives behind it through an analysis of “transfer of governing powers”.

3 “Transfer of Governing Powers”: Approach to Realizing Multi-subject Co-governance

3.1 Implication of “Transfer of Governing Powers”

1. Essential meaning of “transfer of governing powers”¹¹

“Transfer of governing powers” means that the government elevates social forces to the position of multi-subject co-governance, allowing them to become the dominant

¹⁰Joel S. Migdal. *State in Society* [M]. Jiangsu People’s Publishing House, 2013, p. 5.

¹¹The concept of “Tui Wei Rang Zhi” (transfer of governing powers), which stems from the concept of “Tui Wei Rang Guo” (transfer of state powers), contains the implication of releasing powers and space, but the two have essential distinctions. In “Tui Wei Rang Guo” (transfer of state powers), “Tui” has the meaning of “politely declining”, giving over one’s own belongings to others; so “Tui Wei” is to give over one’s position to a person of virtue, “Rang” is to abdicate, or give over the right to rule to the capable. Collectively, “Tui Wei Rang Guo” (transfer of state powers) means handing over the position and powers at the same time without any reservation.

party in social governance, and giving rein to the function and role of social forces, NGOs in particular, in a bid to build a “visible society” with a strong sense of subjectivity, responsibility and innovation; in the meanwhile, the government does not make an exit, but gradually weakens its power to directly intervene in public affairs. In its place, it will establish some platforms, modes and mechanisms to create conditions for multi-subject co-governance, and reinforce its supervisory powers and functions, thus becoming an “invisible government”. Furthermore, “transfer of state powers” is a transfer of political powers, while “transfer of governing powers” is an adjustment of “governing powers”,¹² i.e. reforms centered upon the structural relations between public governing powers, and aimed at fostering a pattern of co-governance by multiple subjects including the government, the market and the society.

2. The “transfer of governance to society”: a dynamic process of interaction and balancing between the government and the society

The “transfer of governance to society” is a dynamic process of interaction and balancing between the government and the society. Such interaction is neither a zero-sum game or non-cooperative game nor a simple cooperative game between the government and the society. Under the theory of cooperative game, the overall benefits of the cooperative alliance outweigh the sum of those generated when each of its members operates alone, and the cooperative game will have to follow the distribution rules of Pareto optimality. However, at the beginning of “transfer of governance to society”, the input of the government (including input for the cultivation of NGOs) may be more than the cost incurred by the government in operating alone or rendering public services independently; nonetheless, the benefits will not necessarily increase with a rise in costs. In other words, the initial benefits from “transfer of governance to society” may be lower than the benefits from an independently-operating government, but with the advance of “transfer of governance to society”, social forces will gradually become the principal part for social governance and the government will operate at a reduced costs and with significant efficiency as the government keeps ceding leeway, nurturing the social forces through different programs and promoting various modes of multi-pronged governance. Therefore, such relationship of shared governance between the government and the society is a dynamic process of interaction of powers. Our understanding of “transfer of governance to society” is a reactive and balancing process featuring an advance or retreat of one another between the society with public powers and the society with social powers within a dynamically open system.

¹²Xiao Bin, Guo Ming, *Innovating Mode for Local Governance through “Reform of Governing Powers”*—Theoretical Analysis of Comprehensive Reform in Shunde Since 2009. *Public Administration Review*, 2013 (4), pp. 2–26.

3.2 Mechanism for “Transfer of Governing Powers”

“Transfer of governing powers” in Wenzhou is realized by the way of “Three Popularizes and Three Transfers”, and there are in between some operational mechanisms, such as the mechanism of service purchasing, incubation, negotiation and dialogue, game-playing, cooperation, motivation, competition, separation, and interest orientation. These mechanisms are intricately integrated in the practical explorations of “Three Popularizes and Three Transfers”. In this paper, we will introduce several core mechanisms.

1. The mechanism of service purchasing

Service purchasing by the government is an important mechanism for enabling social forces to join in the provision of public services and building a pattern for co-governance by multiple subjects. In service purchasing, the general cost for the government to provide public services can be reduced owing to professional social forces and low operating costs; on the other hand, with abroad public basis, social forces, NGOs in particular, can deliver public services that better cater to the specific requirements of the public and show higher efficiency in utilization of capital. Meanwhile, in service purchasing, social forces will constantly improve its own governing structure and enhance its own capabilities; project-based service purchasing has created conditions for the government to dare to “trial errors” in different fields and explore salutary practices in multi-subject co-governance. Successful pilot projects can be popularized as models, while failed pilot projects will not influence the overall planning of the government. For instance, Judicial Bureaus in Ouhai District purchases six kinds of judicial services from community-level NGOs, including emplacement and education, rectified personnel education and help, people’s mediation, legal counseling, legal aid and legal popularization. These kinds of services purchased were first trialed in Jingshui Community, Jingshan Subdistrict. Currently, this project has been rolled out in all 75 communities across the district. For another instance, some town (township) governments in Cangnan County have signed agreements with One-Plus-One Community Service Center to implement the project of “Five-Water Co-governance”. By purchasing services, it aims to involve welfare-oriented professional NGOs into water governance and to allow the government to play the roles of supervision and evaluation, so as to explore a co-governance mode involving the whole society through joint actions by NGOs, non-governmental enterprises and communities. Such practices are conducive both to saving costs and to improving efficiency. The concept of five-water governance has thus been made a reality by coordinating, integrating and replenishing public resources. There are many other projects in Wenzhou, which are similar to “Five-Water Co-governance”. For example, with the efforts of Rui’an Party commission, the Environmental Protection Association of Tangxia Town in Rui’an was established, which would participate in “Five-Water Co-Governance” with self-pooled funds. At present, Wenzhou has started to purchase services from NGOs in over ten areas

such as private-funded education, private-funded hospital, wildlife rescue, non-governmental emergency rescue, and five-water co-governance.

2. Incubation mechanism

Incubation mechanism is a key mechanism in “transfer of governing powers”, which not only includes the process of cultivation and incubation but also implies active promotion by the government. Due to the existing imperfect civil society organizational system in China, such as outdated management regime, rigid ideology, inadequate professional capability, squeezing effects by market mechanism and lack of social supervision, NGOs do not yet possess the capability to independently provide public services and equally participate in governance of public affair. To realize multi-subject co-governance, the government must cultivate and incubate NGOs and promote the healthy development of them through various supportive policies and institutions such as service purchasing, venture philanthropy and tax preference so as to help them become important subjects for multi-subject co-governance. Incubation mechanism can be embodied at both the stages of popularizing models to transfer projects and popularizing modes to transfer space. For example, the government of Wenzhou, with the principle of “government support, social participation, professional operation and project cooperation”, builds a service platform system for NGOs in the whole city, and provides support to NGOs in terms of capital, site, project and technology; As of this April, Wenzhou has set up 986 service platforms for NGOs at all levels, covering all four tiers of municipality, county, towns and communities. Yueqing and Rui’an publish notices for benevolent enterprises and personnel to claim welfare projects to the society via NGO service platforms, which has effectively matched welfare funding by the government, enterprises and other market subjects and individuals with welfare services by NGOs. Yueqing Bureau of Quality Inspection and Bureau of Civil Affairs made active efforts to promote the establishment of Yueqing Industrial Association Incubation Base and Welfare Incubation Park. Rui’an Bureau of Civil Affairs also contributed to the establishment of Rui’an Welfare Service Center Social Organization Incubation Center, which has cultivated many co-governance subjects. For another instance, Wenzhou has used public finance to guide the establishment of foundations for NGO development in such multiple fund-raising ways as lottery welfare funding, and social donations. Such foundations, which cover both the municipality and county levels, have provided financial guarantee for expediting the incubation of NGOs.

3. Cooperative mechanism

Cooperative mechanism is the core mechanism in multi-subject co-governance. The objective of co-governance is for multiple subjects to reach consensus and take cooperative strategy and joint actions through dialogue, competition and negotiations. Cooperation is the premise of and basis for joint actions by multiple subjects. With the introduction of such concepts as democratic politics, separation of powers, citizen participation, social capital and culture, it has become outdated for the state

and the society to differ with each other or even engage in competing zero-sum games. On the contrary, more and more citizens get intervened in public life, thus a virtuous interactive relationship is developed between the state and the society.¹³ Collaborative governance has become a general trend. Government-society cooperation can take many different forms, which are present throughout the practical explorations of “Three Popularizes and Three Transfers” in Wenzhou. For example, the “Posthouse of Love” in Wenzhou established on the basis of community platforms is an example of the mode of collaborative governance. Initiated by the government, such cooperative efforts aims to build a platform for goods reception, government-enterprise-led mutual help and employment support by attracting more social relief and aid funds with construction funds invested by the government and introducing such measures as enterprise title sponsorship, NGO operation and community leadership. With a pool of forces from the government, enterprises, social workers and volunteers and parties, this platform will make up the deficiency of inadequate grass-root personnel in government-led relief efforts, since it has helped create a new mode of collaborative governance for community-level social relief which combines relief efforts from both the government and the society, and woven a new type of social relief network characterized by social participation, assignment of services to communities, charity complementation. For instance, Posthouse of Love in Ningcheng community of Longwan District consolidates multifarious resources such as venture philanthropy, social workers and volunteers, and social donations, its service items covering such areas as social relief, elderly care, support for education of juveniles during summer vacation, benevolence supermarket, education-related training, and legal counseling. Besides, it sets up “emergency relief” funds for any unexpected disaster in the community or for temporary emergent cases. In dealing with the needs for education, medical care and other public services brought about by a large influx of migratory population, the government of Wenzhou has made bold innovative moves. It has taken the lead in breaking institutional barriers between public-funded and private-funded hospitals and public-funded and private-funded schools, adopted non-discriminatory uniform polices in establishing the same pension guarantee system, allowing free flow of talents and granting equal access to accreditation of professional titles. All these have provided conditions for collaborative governance by the government and the society. For example, Phoenix Hospital in Yueqing city is a private-funded hospital specializing in mental diseases and is registered as a private non-enterprise organization. At present, it has become a fixed-point concentrated fostering center for Yueqing Disabled Persons Federation and Bureau of Civil Affairs as well as the fostering center for trouble-making persons charged with the task of relief of patients with mental illness and severe disabilities.

¹³Deng Zhenglai. *The State and the Society* [M], Peking University Press, 2008, p. 12.

4 Behind Choice of Approach: Joint Action by the Government and the Society

Owing to its developed private economy, abundant private capital, and vigorous and innovative civilian forces, the mode of reforms in Wenzhou is distinct from the government-dominated modes in other regions. This has manifested the spirit and wisdom of the government and the society in co-governance. “Transfer of governing powers” built upon the strategy of “Three Popularizes and Three Transfers” is the approach for Wenzhou to realizing multi-subject co-governance, behind the choice of which underlie the spirit and courage of the government to transform mindsets, take the initiative in carrying out reform and innovation and dare to “trial errors” as well as the inexhaustible vigor of the non-governmental sector.

4.1 Proactive Reform and Innovation by the Government

1. Change of governing concepts

Reform is the fundamental power for economic development and social progress in contemporary China, since it releases enormous energy, diversified needs and citizens’ appeal for participation hidden in the Chinese society. As the government exits from many social fields as required by economic and social reforms, there will be fewer and fewer bottom-to-top political and administrative constraints. On one hand, with more and more opportunities available, citizens will have increasingly high enthusiasm to participate in these economic, social and political processes through various channels; on the other hand, economic and social developments will create many new “public spheres” and demands for public management (such as, property management with community as the domain, industrial management dedicated to a specific industry).¹⁴ At the same time, development and popularization of new media such as the Internet, microblog and wechat has brought about new changes in social relationship and association behaviors, changes that require the government to transform their mindsets and adopt new management modes and approaches.

“Transfer of governing powers” demonstrates that, in response to these new situations, changes and demands, the government of Wenzhou has embraced the concept of “governance by not doing anything that goes against nature”. “Governance by not doing anything that goes against nature” is an underlying thinking of Taoism, which was firstly proposed by Lao Zi. He held that “if I do nothing that goes against nature, the people will adopt my customs; if I am fond of keeping still, the people will behave correctly and righteously. If I apply the

¹⁴Yan Jirong. *Social Self-Governance in China*, Yu Keping, Li Kanru et al. *Political Development in China*, Social Sciences Academic Press, 2013, p. 197.

principle of non-intervention, the people will become rich; if I do not seek excessive gains, the people will become simple”, which emphasized a kind of governance achieved by the world when no wanton acts are committed which go against nature. The concept of “governance by not doing anything that goes against nature” followed by the government of Wenzhou is an extension of the thinking of governance proposed by Lao Zi. It reflects an organic thinking of governance which combines “an invisible government and a visible government”, and implies such values and concepts as a limited and rule of law government which “makes no wanton acts”, a responsible government which “does something while refrains from doing something”, a government with separated powers in which “departments at higher levels makes no intervention while those at lower levels implements the policies” as well as citizen participation and deliberative democracy.

2. Response of institutional design

“Transfer of governing powers” is essentially to build a virtuous interactive relationship between the government and the society. The government delegates powers to the society through transfer of functions on one hand, and guides social forces in participating in governance of public affairs by actively cultivating NGOs on the other hand. In the meanwhile, it strengthens supervision over the process in which the government transfers functions and powers as well as the public space released by the government. The institutional design of the government will focus on release of space and cultivation of co-governance subjects. Constant efforts will be made to ensure that the designs are targeted at public demands and aimed to invigorate the society. A policy principle of “broad accessibility, rigorous management and encouraging incentives”¹⁵ is taken for NGOs. The following are some examples. In terms of releasing space, carry out structural reform of NGOs, improve the system of direct registration and management of NGOs, cancel unnecessary approvals and delegate appropriate authority to lower departments in issues relating to registration and management; completely disconnect trade associations with administrative organs; improve the supervisory system for NGOs; work out the list for functions to be transferred by the government, the list of services purchased by the government from NGOs, build a complete and comprehensive review mechanism comprising purchasing subjects, service targets and third parties. In terms of cultivation of co-governance subjects, take active measures to cultivate NGOs through such multiple mechanisms as venture philanthropy, incubators, service purchasing, NGO service platform and welfare service center, and foundations for development of NGOs; extend the authority for registration and management of non-public offering foundations to lower departments, make energetic efforts to invigorate non-governmental charity forces, and encourage non-governmental capitals to enter welfare and charity fields, so as to support the development of NGOs.

¹⁵Sources are interviews with Pei Jian, director of Management Bureau of Social Organizations in Wenzhou.

4.2 Promotion by Non-governmental Sectors

The reform featured with “transfer of governing powers” in Wenzhou is closely associated with civilian forces. As it were, social reforms in Wenzhou are the results under the reversed pressures from civilian vitality and civilian demands. From the economic perspective, the pro-business culture, which values both righteousness and benefits, has had far-reaching influences on economic development and non-governmental welfare and charity in Wenzhou. Under the guidance of such cultural orientation and the idea of “governance by not doing anything that goes against nature”, private economy in Wenzhou has expanded at such a rapid speed that the private economy-dominated Wenzhou mode has been fostered, which can be outlined as “boosting industry with commerce” and “small commodities and a huge market”.¹⁶ With the development of the economy and the accumulation of capital, Wenzhou’s cultural tradition of “spreading charity across the world and practicing charity on a continuous basis” passed down from the ancient times is playing an increasingly prominent role. A great deal non-governmental capitals are being continuously pumped into welfare and charity fields. Viewed from the civilian vitality, Wenzhou has long had the cultural basis for forming associations to help each other. With the deepening of government reform, transformation of government functions and establishment of a modern NGO system, policy resources for top-down institutional reforms and the bottom-up enthusiasm for association of the whole society are soon combined to release civilian vitality. As a result, a large number of non-governmental organizations spring up one after other, which can undertake active roles for serving the society in all fields. Viewed from civilian demands, transformation of economic and social systems has stimulated diversified demands of the civil society. Unfortunately, the government cannot satisfy such demands within a short period, hence NGOs become the bonds connecting the supplies and demands of the government and the civil society. Viewed from humanitarian spirits, Wenzhou people have a good tradition of pursuing practical utility, who can in good time adjust themselves to adapt to the environment to the maximum extent possible for survival and pursue benefits and development with the most effective methods and approaches.¹⁷ In addition, they are endowed with the spirit to dare to make innovations. These have helped create the exceedingly dynamic spectacle in the civilian society of Wenzhou.

¹⁶Fei Xiaotong. A Trip to Wenzhou (Part I) [J]. *Outlook Weekly*, 1986 (20), pp. 21–22.

¹⁷Cai Kejiao. An Analysis of Humanistic Spirit in Wenzhou [J]. *Journal of Zhejiang Normal University*, 1999 (2).

5 Thinking and Outlook

To deal with new changes and challenges in political, economic and social environment, the central government has come up with the solution of promoting innovations in social governance, valuing the application of the methods of rule of law and implementing co-governance by multiple subjects. Local governments are actively responding by either starting or continuing to make trials in multi-subject co-governance. Driven by civilian vitality and civilian demands, the government of Wenzhou starts to explore reverse-pressurized reforms featured by multi-subject co-governance. At the beginning of the reform, the government still takes a conservative attitude toward the development of NGOs and has yet to loosen its grip on NGOs through a dual management system. To adapt to the requirements of the situation, the government of Wenzhou took a more reserved mode for the development of NGOs. The government, on one hand, takes an acquiescent attitude to protect grass-root mutual-help associations and, on the other hand, tries to find acceptable justifications for the emergence and growth of NGOs in life in various roundabout ways. When the state loosens its grip on NGOs through a dual management system and takes a positive attitude towards cultivation of NGOs, reform in Wenzhou enters a new phase. Then, with the principle of “broad accessibility, rigorous management and encouraging incentives” and the mindset of “being a referee formulating rules for the game”, the government takes the initiative in transferring space, cultivating NGOs and exploring ways and methods for transferring functions, powers and resources to the society; meanwhile, it strengthens its supervisory functions, reinforces the independence of NGOs in basic functions, organizational agencies, decision-making system and operational management, and standardizes the processes of exercise of powers and allocation of resources. Based on all kinds of needs, Wenzhou has chosen the approach of “transferring governing powers” to realize co-governance by multiple subjects.

In practical explorations, we have found that, although social reform and social co-governance has become an irresistible historical trend, all kinds of problems, bottlenecks and barriers are encountered in advancing social reforms. Among others, how to break apart the pattern of departmental interests to make sure each department is genuinely transferring powers and resources to the society? How to break through the “hedge of interests solidification” to involve people of vested interests into the process of reform? How to pool and share powers and resources of all departments? How to supervise and manage powers and resources for co-governance? Due to limited length of this paper, we will not attempt to solve these problems from the technical level, instead, we will expound from a macroscopic aspect. We hold that, to successfully accomplish reform of the government and the society, Wenzhou must first of all set about from the following two aspects with the determination of “a warrior cutting his arm to save his life”: first, make great efforts to make top-level designs, set up a reform leading group which transcends interests of all functional departments such as Commission Office of Public Sectors Reform, Department of Finance, Department of Civil Affairs and

Commission for Development and Reform, so as to plan as a whole government reform and transformation of functions and social reform; second, take a holistic view of social reform and economic development, being aware that social reform is effective in boosting economic development, such as, developing trade associations will have positive influences on the adjustment of economic structure and the expansion of private economy, and also enhancing social credibility and resolving social conflicts is effective in boosting the economy and others.

In summary, now that reform in Wenzhou featuring multi-subject co-governance has come to the forefront in China, we cannot help but contemplating what lessons other regions in China can draw from the experience of Wenzhou? From an objective point of view, the approach to co-governance in Wenzhou is irreproducible, as it is the resultant products of the politics, economy, culture, and customs in Wenzhou and the people there. However, Wenzhou experience might as well provide much reference for other regions in China. They can at least be summed up as two points: one is the principle that the government of Wenzhou follows: “governance by not doing anything that goes against nature”, i.e. the government takes the initiative in releasing space to encourage the development of non-governmental forces, provides facilitative conditions and supportive policies in various forms for their development, and regulates the exercise of powers and allocation of resources by “formulating rules as the referee”; the other is certain mechanisms through which the government of Wenzhou cultivates NGOs as well as certain practices in which the government explores multi-subject co-governance from technical and operational levels. We believe that as social reforms in Wenzhou advances to a deeper level, they will present more new references and experience for the comprehensive reform of China.